

ORIGINAL



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ENGINEERING DEPARTMENT

DATE: 27 July 2009

Arizona Corporation Commission  
Attention: Docket Control  
1200 W. Washington  
Phoenix, Arizona 85007

AZ CORP COMMISSION  
DOCKET CONTROL

2009 JUL 31 P 3:58

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E-01891A-08-0598

Re: Twin Cities PSA Filing Decision 70979

Dear Sir/Madam:

I am the Engineering Manager for Garkane Energy Cooperative, Inc. (the "Cooperative"). I am supplying this information in compliance with the third ordering paragraph of Decision No. 70696 which required that the Cooperative no later than 30 days after the closing of the purchase/sale transaction to file a copy of the fully executed Purchase and Sale Agreement.

I am hereby filing a fully executed copy of the Purchase and Sale Agreement.

Should you have any questions concerning our plans, please contact me at [mavant@garkaneenergy.com](mailto:mavant@garkaneenergy.com).

Very truly yours,

*M Avant*

Mike Avant  
Engineering Manager

Arizona Corporation Commission

DOCKETED

JUL 31 2009

*M Avant*

Enclosures

Original and 15 copies mailed this 27 day  
of July, 2009 to Arizona Corporation  
Commission Docket Control

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**AGREEMENT FOR PURCHASE AND SALE  
OF MUNICIPAL ELECTRICITY DISTRIBUTION SYSTEMS**

**And Associated Facilities**

**Among**

**CITY OF HILDALE, WASHINGTON COUNTY, UTAH**

**and**

**TOWN OF COLORADO CITY, MOHAVE COUNTY, ARIZONA**

**As Sellers**

**AND**

**GARKANE ENERGY COOPERATIVE, INC.**

**As Buyer**

**Dated: June 23, 2009**

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Exhibit K.	Retained Generating Facility Assets
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**AGREEMENT FOR PURCHASE AND SALE  
OF MUNICIPAL ELECTRICITY DISTRIBUTION SYSTEMS  
And Associated Facilities**

THIS AGREEMENT FOR PURCHASE AND SALE OF MUNICIPAL ELECTRICITY DISTRIBUTION SYSTEMS AND ASSOCIATED FACILITIES (this "Agreement") is made and entered into as of the 23<sup>rd</sup> day of June, 2009 among CITY OF HILDALE, WASHINGTON COUNTY, UTAH, a municipal corporation and political subdivision of the State of Utah ("Hildale" or "Hildale City"), TOWN OF COLORADO CITY, MOHAVE COUNTY, ARIZONA, a municipal and political subdivision of the State of Arizona ("Colorado City"), (as used herein each of Hildale, and Colorado City is referred to individually as a "Seller" and collectively as "Sellers"), and GARKANE ENERGY COOPERATIVE, INC., a Utah non-profit corporation ("Buyer").

A. Hildale and Colorado City each owns an electric distribution system for delivery of electric power and energy to certain residents within its municipal limits (as more fully described in the words and the drawings attached hereto as Exhibit A), together with certain rights-of-way, transmission and transformation facilities, including a 69 kV transmission line (the "Hildale System" and the "Colorado City System" respectively, and collectively the "Systems").

B. The Systems are operated through a joint intergovernmental arrangement between Hildale and Colorado City, known as Twin City Power ("TCP")

C. Buyer desires to purchase from Sellers, and Sellers desire to sell to Buyer, the Systems together with related assets upon the terms and subject to the conditions of this Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals and the agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, do hereby agree as follows:

**ARTICLE 1.  
DEFINITIONS**

1.1 Certain Defined Terms. For purposes of this Agreement, the following terms shall have the following meanings:

(a) "69 kV Right-of-Way" shall mean that certain easement and right-of-way more particularly described in Exhibit B hereto, including without limitation permits and/or rights-of-way granted by the Bureau of Land Management, Utah Department of Transportation, and/or Utah State School and Institutional Trust Lands Administration.

(b) "69 kV Transmission Line" shall mean and include all transmission line facilities (including all easements, poles, wire, structures, insulators and hardware) from and including the

interconnect point at the Clifton Wilson Substation located in Hurricane, Utah to the Twin Cities Substation located in Hildale, Utah, as an operating unit.

(c) "Affiliate" of a specified Person shall mean any corporation, partnership, sole proprietorship or other Person which directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with the Person specified, with "control" meaning the ability to direct or cause the direction of the management and policies of a Person.

(d) "Authorized Officer" shall mean, as to Buyer, Buyer's chief executive officer, president, chief financial officer or treasurer, in each case, acting in his or her capacity as such, and as to each Seller, the Mayor of such Seller.

(e) "Bonds" shall mean collectively the \$20,005,000 City of Hildale, Washington County, Electric Revenue Bonds, series 1995 and the \$1,380,000 City of Hildale, Washington County, Utah Electric Revenue Bonds, series 1997.

(f) "Bondholders" shall mean and include all holders of any of the System Indebtedness, any general creditors of either Seller, and/or any person with any legal or equitable interest in and to the Bonds.

(g) "Bond Trustee" shall mean the trustee from time to time appointed with respect to the Bonds.

(h) "Business Day" shall mean any day other than Saturday, Sunday and any day that is a legal holiday or a day on which banking institutions in the State of Utah are authorized by law or governmental action to close.

(i) "Distribution ROW's" shall mean all easements, rights, privileges, property or other interests in any real property granted to either Seller or otherwise owned by any Seller, for easements, rights-of-way, licenses, permitted uses, or fee title used or useful for the current or future operation and/or maintenance of the System.

(j) "Escrow Agent" shall mean any authorized title company located in the State of Utah which the parties hereto designate in writing to act as escrow agent and/or closing officer for purposes of funds placed into escrow as contemplated hereunder.

(k) "Governmental Body" shall mean any federal, state, regional, local or other government; any governmental, regulatory or administrative agency, commission, body, interlocal agency or other authority having jurisdiction to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power affecting the Purchased Assets; and any court or governmental tribunal.

(l) "Knowledge" of a party shall mean the extent of the actual knowledge of any Person who serves as of the date hereof or as of the Closing as a duly elected or appointed officer of such party or serves as an executive officer of such party.

(m) "Laws" shall mean all, court decisions, case law, statutes, rules, regulations, ordinances, orders, decrees and codes of Governmental Bodies.

(n) "Lien" shall mean any mortgage, deed of trust, pledge, hypothecation, security interest, encumbrance, levy, lien or charge of any kind, whether voluntarily incurred or arising by operation of law or otherwise.

(o) "Material Adverse Effect" (x) when used with respect to the all or any portion of the Purchased Assets, shall mean a quantifiable material adverse economic effect on all or such portion of the Purchased Assets and on the operation thereof and (y) when used with respect to an entity, such as Seller or Buyer, means a quantifiable material adverse economic effect on the business, condition (financial or otherwise) and results of operations of such entity taken as a whole (including any subsidiaries of such entity) or on the ability of such entity to consummate the transactions contemplated hereby.

(p) "Permit" shall mean permits, registrations, licenses, authorizations and other consents or approvals or entitlements issued by any Governmental Bodies.

(q) "Permitted Lien" shall mean (i) the Assumed Liabilities, (ii) mechanic's, material men's, workmen's, repairmen's and similar Liens arising in the ordinary course of business, either for amounts arising for work and/or services occurring before the Closing Date and not yet due and payable as of the Closing Date or for amounts being contested in good faith through appropriate proceedings (subject in all events to Sellers' indemnification pursuant to Section 12.3), (iii) Liens for taxes not yet due and payable or for taxes being contested in good faith through appropriate proceedings (but each Seller shall pay its prorated share of any such taxes as of Closing), (iv) statutory Liens arising under workers' compensation legislation, unemployment insurance laws or similar laws or to secure other public or statutory obligations (but each Seller shall indemnify and hold Buyer harmless for losses or damages arising on account of any failure of such Seller to comply with such laws), (v) such state of facts as an accurate survey would show, provided, that such state of facts, in the aggregate do not have a Material Adverse Effect on the System and without limiting any indemnification by Seller set forth pursuant to Section 12.3 below, (vi) easements, covenants, rights of way, encumbrances and other restrictions and irregularities to title existing as of the date of this Agreement which in the aggregate, do not have a Material Adverse Effect on the System and which have been recorded in the real estate records of the county in which real property is located, but without limiting any indemnification by Seller set forth pursuant to Section 12.3 below; (vii) rights reserved to or vested in any Governmental Body, by the terms of any franchise, grant, license or provision of Law, to purchase, condemn, appropriate or recapture or designate a purchaser of the real property, (viii) rights reserved to or vested in any Governmental Body to control or regulate the use of the real property or to use the real property in any manner, in each case as may be set forth in any zoning and land use regulation; (ix) other non-monetary Liens individually, or in the aggregate, which do not interfere with or impair, in any material respect, the present operation of the System but without limiting any indemnification by either Seller set forth pursuant to Section 12.3 below; and (x) such liens or encumbrances, if any, disclosed in writing to Buyer and appearing as exception(s) to any polic(ies) of title insurance delivered pursuant to Section 3.2(d) hereunder (other than any pre-printed or standard exceptions appearing in any such polic(ies) and excluding any such

exceptions which Buyer identifies in writing to Sellers prior to Closing as posing unacceptable liens or encumbrances)..

(r) "Person" shall mean any individual, sole proprietorship, corporation (including any non-profit corporation), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, labor union, or other entity or Governmental Body.

(s) "Purchased Assets" shall mean and include any and all of each Seller's right, title and interest in and to the properties, goods, assets and rights of any kind, whether tangible or intangible, real or personal, constituting any portion of the System as an operating unit, including without limitation, all of each Seller's right, title and interest in:

(i) the assets identified or otherwise listed on Exhibit C;

(ii) the 69 kV Transmission Line;

(iii) all Twin Cities Substation Facilities, consisting of structures within the substation property, electric utility poles, attachments, conductors, equipment, step down transformers, regulators, current transformers, voltage transformers, fault relays, circuit breakers, insulators, arrestors, wire, conductors, busses, switches, grounding and hardware and any other switch yard facilities including all land the stations utilize located near 770 North 1400 West Hildale UT, (which land is included in the Purchased Real Property) including the underlying property interests, with the exception of the Retained Generating Facility, the generator stepup transformers and the associated lowside wiring from the transformer to the generator building located inside the substation yard;

(iv) Twin Cities 12 kV Switchyard Facilities consisting of structures within the switchyard, step down transformer, voltage transformers, reclosers with relays, insulators, arrestors, wire, busses, switches, capacitors, grounding and hardware, connected with the switchyard, as an operating unit;

(v) the "stick built" control "building" located inside the metal generator building together with the metal generator building located on the Purchased Real Property.

(vi) the existing 24 and 48 volt DC systems used with the controls and relays associated with the substation and switchyard;

(vii) all existing substation/switchyard metering and protective equipment, which shall remain in place and in operation at all times through and until the complete removal of the Retained Generation Facility;

(viii) all electrical distribution system facilities (including all easements, whether recorded or unrecorded, arising by agreement, through prescriptive rights, or otherwise by law), including without limitation the Distribution ROW's, any and all rights of way, structures, poles, wires, transformers, conductors, arrestors, switches,

meters, metering equipment, hardware, sectionalizers, reclosers, pedestals, primary and secondary voltage equipment installed overhead or underground within the municipal boundaries of Sellers, and any other associated facilities as they currently exist as of the Closing hereunder, utilized for the operation and maintenance of the Systems as an operating unit

(ix) street lights attached to the electrical distribution system facilities, but solely to the extent: (a) not currently metered and not attached to any municipal facility not included in the Purchased Assets; and (b) routinely operated as part of the municipal street lighting configuration deployed by Sellers for a continuous period of six (6) months prior to Closing;

(x) the laydown or storage yard located in Hildale, Utah and used primarily for the storage and/or other similar uses in conjunction with electric utility plant and equipment, inventory, or associated goods, including property rights to the real property the yard utilizes for such purpose(s), with storage vans trailers consisting of three (3) government surplus van trailers approximately 8x8x40 foot located in the storage yard, and materials, supplies, and spares associated with the Systems that are currently located within the yard.

(xi) all electric meters and metering supplies in stock (which include the items listed on Exhibit C);

(xii) one Dodge service truck, VIN No. 3B6MF36651M275315, with associated tools including Fluke volt/amp meter, Dynatel locateor with fault frame, spiral stripper, peeler, 3000 watt power inverter, electric air compressor, battery operated crimper, right angle grinder, Cadillac blower, grounding jumpers, strap come-a-long, chain hoist, pipe wrenches, Kellumns grips, hot stick, elbow puller, shot gun, and materials used by electric department employees, but excluding individual personal hand tools;

(xiii) all amounts held by either Seller as of the Closing Date as a customer security deposit, a customer prepay balance (or any pre-paid balance amount), credit balance(s) held by or owed to any customer of either Seller, and any and all other balances held in trust for any customer of either Seller on account of payments, deposits, performance security, estimated charges, or similar amounts; and

(xiv) the Purchased Real Property;

Provided, that the Purchased Assets shall include all such assets described above in this definition which may be acquired by, and shall not include such assets disposed of by Seller prior to the Closing Date (but only if such acquisition/disposition is in the ordinary course of business and is otherwise in accordance herewith); and provided, further, that the Purchased Assets shall not include any Excluded Assets.

(t) "Purchased Real Property" shall mean all of each Seller's right, title and interest in and to any real property described in any of the Purchased Assets, together with real property described on Exhibit D.

(u) "System Customers" shall mean all electric customers, regardless of class of service, residing in either Hildale or Colorado City, and shall include all customers and/or persons receiving electric service from either of the Systems at the time of Closing, or receiving electric service after Closing which would have received such service through any portion of the Systems had Sellers, or either of them, continued to operate the Systems.

(v) "System Indebtedness" shall mean any and all indebtedness, liabilities, or obligations arising prior to Closing to any of the Bondholders or to any other person disclosed in writing by Sellers to Buyer prior to Closing and holding any claim under any any lien, note, contract, or other obligation for borrowed money or other obligation related in any way to any portion of the Systems.

(w) "UEP" shall mean the United Effort Plan, a common law trust, its trustees beneficiaries, successors and assigns, together with any Affiliate thereof.

(x) "Termination Date" shall be June 30, 2009, or such later date as the Parties hereto may agree in writing.

(y) "Wells Fargo" shall mean Wells Fargo Bank, N.A., who from time to time has acted as Bond Trustee.

## 1.2 Index of Other Defined Terms

In addition to those terms defined above, the following terms shall have the respective meanings given thereto in the Sections indicated below:

<u>Defined Term</u>	<u>Section</u>
Agreement	Preamble
Anticipated Wholesale Rate	9.7
Approvals	9.4
Assumed Contracts	2.4(a)
Assumed Liabilities	2.4
Assumption Document	3.3
Bill of Sale	3.2(a)
Buyer	Preamble
Claim Notice	12.6
Colorado City	Preamble
Colorado City System	Recitals
Closing	3.1
Closing Date	3.1
Comprehensive Franchise Agreement	9.6
Confidential Information	6.4
Deseret G&T	9.7



<u>Defined Term</u>	<u>Section</u>
Deseret Generation Contract	9.7
Excluded Assets	2.3
Escrow Instructions	2.1(b)
Excluded Liabilities	2.5
Hurricane City Release	6.2(b)
Hildale	Preamble
Hildale System	Recitals
Indemnatee	12.5
Indemnified Person	12.3(a)
Indemnitor	12.5(a)
Losses	12.3(a)
Purchase Price	2.1(a)
Reacquired Property	3.2(b)
Related Agreements	4.3
Retained Generating Facility	2.3(d)
Seller(s)	Preamble
Special Warranty Deed	3.2(b)
Systems	Recitals
Third Party Claims	12.5(a)
TCP	Recitals
Transmission Line Conveyance	3.2(c)
UAMPS	9.13

### 1.3 Certain Interpretive Matters

(a) In this Agreement, unless the context otherwise requires, the singular shall include the plural, the masculine shall include the feminine and neuter, and vice versa. The terms "includes" and "including" shall not be limiting whether or not followed by the words "without limitation." References to a Section, Article, Exhibit or Schedule shall mean a Section, Article, Exhibit or Schedule of this Agreement, and reference to a given agreement or instrument shall be a reference to that agreement or instrument as modified, amended, supplemented and restated through the date as of which such reference is made. References to Laws shall be deemed references to such Laws as they may be amended from time to time.

(b) This Agreement and any documents or instruments delivered pursuant hereto shall be construed without regard to the identity of the person who drafted the various provisions of the same. Each and every provision of this Agreement and such other documents and instruments shall be construed as though the parties participated equally in the drafting of the same. Consequently, the parties acknowledge and agree that any rule of construction that a document is to be construed against the drafting party shall not be applicable either to this Agreement or such other documents and instruments.

(c) Wherever the consent or approval of any party is required under this Agreement, such consent or approval shall not be unreasonably withheld, unless such consent or approval is to be given by such party at the sole or absolute discretion of such party or is otherwise similarly qualified.

(d) In every instance, unless the context specifically dictates otherwise, each and every reference to "Seller" or to "Sellers" herein shall be construed to include TCP to the extent and insofar as TCP may legally be deemed to: (i) hold, as of the Closing Date, any right, title, and/or interest in and to any Purchased Asset; or (ii) hold, as of the Closing Date, any right, claim, or privilege by virtue of any contract, arrangement, or agreement between or among TCP and/or either of the Sellers with respect to any aspect of the Systems or the subject matter hereof.

## ARTICLE 2. TERMS OF THE TRANSACTION

### 2.1 Purchase Price

(a) Consideration. As consideration for the purchase and sale of the Purchased Assets, except as adjusted or modified pursuant to the express terms of this Agreement, Buyer shall pay to Seller an amount in cash equal to Three Million Dollars (\$3,000,000) (the "Purchase Price").

(b) Payment. The Purchase Price shall be paid by Buyer in cash by wire transfer of immediately available funds in U.S. dollars to such account(s) as agreed between Buyer and Seller and placed into escrow pursuant to escrow instructions ("Escrow Instructions") as specified in writing executed by Buyer and Sellers not later than two (2) Business Days prior to the Closing Date. The Purchase Price shall be released from the escrow and disbursed in accordance with the forgoing Escrow Instructions immediately upon Closing.

### 2.2 Purchased Assets

On the terms and subject to the conditions contained in this Agreement, at the Closing Buyer shall purchase, and each Seller shall sell, convey, assign, transfer and deliver to Buyer the Purchased Assets, but excluding all Excluded Assets.

### 2.3 Excluded Assets

The Purchased Assets shall not include any of the following assets (the "Excluded Assets"):

(a) all cash and cash equivalents of each Seller on hand and on deposit on the Closing Date with any financial institution;

(b) all securities and any other equity or debt interests or investments in any Person owned by either Seller as of the Closing Date;

(c) all accounts and notes receivable, deposits and prepaid expenses related to the operation of the System and outstanding as of the Closing Date, subject to the terms of Section 6.5(b) below;

(d) the Retained Generating Facility and associated assets identified and described on the attached Exhibit "K" (the "Retained Generating Facility");

(e) the approximately 23 mile natural gas pipeline and associated gas delivery equipment, together with such facilities, property, and improvements associated therewith (but in no event any portion of the 69kV Transmission Line or any control mechanism or device used for operation thereof);

(f) office furniture, fixtures and equipment, motor vehicles other than the vehicle included in the definition of Purchased Assets, tools and equipment of the Sellers that are used for general municipal purposes on a shared basis between different departments, and any other items listed on Exhibit "N".

(g) all miscellaneous and sundry assets, if any, which are not intended by the Parties to be included in the Purchased Assets and which are fairly included within the general description of those items enumerated in subparagraphs (a) through (e) of this Section 2.3; provided, however, that to the extent of any ambiguity or uncertainty concerning any asset, good, chose in action, account, property, or interest of either Seller used primarily in connection with the ownership, operation, or maintenance of any portion of the System, then unless expressly excluded as an Excluded Asset pursuant to the foregoing subparagraphs (a) through (e) of this Section 2.3, any and all such items shall be deemed to be included in the Purchased Assets.

#### 2.4 Assumed Liabilities

Subject to the terms and conditions set forth in this Agreement, and without limiting in any way either: the Disclaimer of Certain Implied Warranties set forth in Section 5.4; or the indemnification by Seller set forth in Section 12.3 below, Buyer shall assume, pay, discharge and perform as and when due, only the following obligations and liabilities of Seller (the "Assumed Liabilities"), provided that, unless expressly and specifically enumerated below, no obligation, debt, liability, or similar undertaking of either Seller shall be deemed to be among the Assumed Liabilities:

(a) liabilities and obligations of each Seller, if any, arising out of the operation, repair, expansion and maintenance of the System which are incurred pursuant to written agreement(s) for necessary maintenance of the Systems and which agreements are disclosed to Buyer prior to the date of this Agreement (together, the "Assumed Contracts"); and

(b) liabilities related to receiving and holding as security for customer accounts any security deposits transferred by either Seller to Buyer pursuant to Section 6.6(a).

#### 2.5 Excluded Liabilities

The parties agree that Buyer shall not assume or become obligated with respect to any of the following obligations or liabilities of Seller (collectively, "Excluded Liabilities"), all of

which shall remain the sole responsibility of, and be discharged and/or performed as and when due by, Sellers and/or each of them:

(a) liabilities or obligations associated with or arising from the Excluded Assets, and Seller's obligations under the Related Agreements;

(b) liabilities or obligations arising from: (a) the acquisition, construction, operation, ownership, or maintenance of any portion of the Systems prior to Closing; or (b) the acquisition, construction, operation, ownership, or maintenance of any portion of the Retained Generating Facility;

(c) liabilities, obligations, undertakings, agreements, or arrangements of Sellers (or either of them) to UAMPS or to UEP (no matter when or how they might arise);

(d) liabilities, obligations, undertakings, agreements, or arrangements of Sellers (or either of them) to Bondholders (no matter when or how they might arise); and

(e) liabilities or obligations related to the operation of the System that are incurred or required to be performed prior to the Closing Date, including without limitation, the use and payment for all wholesale power received prior to the Closing Date.

## 2.6 Meter Reading

Each Seller retains the right to payment from each Seller's customers for electric services rendered by each Seller prior to the Closing Date; however, any claim to payment for such amounts shall in no wise obligate Buyer for payment thereof, nor shall any such claim result in any Lien upon any Purchased Asset. On the Closing Date (or as close thereto as practicable), Buyer and Seller shall jointly read the meters for each of Seller's customers. Thereafter, each Seller shall be authorized to send final billings to its customers based on such readings, directing payment to be made to such Seller on account of such readings, and shall be entitled to receive all customer payments for services actually provided prior to the Closing Date. Buyer shall use such final readings as its beginning readings for billing purposes. Notwithstanding the foregoing, Buyer and each Seller shall jointly coordinate this final meter reading with their appropriate power suppliers so as to facilitate an orderly conversion of relevant metering information to effect as nearly as possible a "seamless" change in wholesale power suppliers serving power requirements of customers within the System.

## ARTICLE 3. CLOSING

### 3.1 Closing Date

Subject to the terms and conditions hereof, the consummation of the transactions contemplated hereby (the "Closing") shall be deemed to occur on June 30, 2009, provided all of the conditions set forth in Article 9 and Article 10 hereof have been satisfied or waived on or before such date, or otherwise at such other place or time as the parties may agree in writing, but

in no event later than the Termination Date. The date on which the Closing actually occurs is referred to herein as the "Closing Date." The Closing shall be effective for all other purposes as to the System (and the Purchased Assets and Assumed Liabilities related thereto) at 11:59 p.m. Mountain Time on the Closing Date or at such other time as the parties hereto may mutually designate in writing.

### 3.2 Closing Deliveries by Sellers

To effect the sale and transfer referred to in Article 2 hereof, each Seller will, at the Closing, execute and deliver or cause to be executed and delivered to Buyer:

(a) one or more Bills of Sale, each in the form attached hereto as Exhibit E, conveying in the aggregate all of the personal property included in the Purchased Assets (the "Bill of Sale");

(b) one or more Special Warranty Deeds, each in the form attached hereto as Exhibit F, conveying in the aggregate all of the Purchased Real Property included in the Purchased Assets (the "Special Warranty Deed"), except that, to the extent any Purchased Real Property and/or Distribution ROW's are specifically identified and determined by Hildale City and by Buyer to have been acquired by Hildale City from Buyer in conjunction with a transaction which occurred in approximately 1995 (the "Reacquired Property"), then, but only to the extent that such Reacquired Property has not subsequently been conveyed or transferred to any Person other than Hildale City, the Reacquired Property need not be included in the Special Warranty Deed delivered by Hildale City, but may instead be conveyed to Buyer from Hildale City pursuant to a quitclaim deed in form and substance reasonably satisfactory to Buyer, which form shall be suitable for recordation in real property records in the State of Utah and shall otherwise generally conform to the manner in which such property was originally conveyed to Hildale City from Buyer;

(c) an Assignment of Right-of-Way, Special Warranty Deed and Bill of Sale, in substantially the form attached hereto as Exhibit G, in recordable form, pursuant to which Hildale City will grant, convey, and assign to Buyer the 69 kV Right-of-Way and the 69 kV Transmission Line (the "Transmission Line Conveyance");

(d) one or more Owner's Polic(ies) of Title Insurance in form and substance reasonably acceptable to Buyer, in an amount not to exceed the Purchase Price, covering all: (i) Purchased Real Property; and (ii) all transmission line easements. Buyer will be responsible to pay upon Closing, one half of the cost of such Title Insurance as an addition to the amount provided in paragraph 2.1 with the remainder of such cost being borne by Seller.

(e) one or more Assignment of Rights, in substantially the form attached hereto as Exhibit H, pursuant to which each Seller assigns to Buyer certain rights under contracts, agreements, and/or rights to other claims, including without limit claims identified in writing and included in the Purchased Assets; (the "Assignment of Rights");

(f) an itemized list of all customer security deposit amounts, pre-pay credits, and any other credit balance amounts, the account they are held for, the date such deposit was received by each Seller, and the terms and conditions of refunds due and/or which will become due. Each

Seller shall transfer to Buyer all such amounts held as security deposits or customer credits, together with amounts held as contributions in aid of construction and provide an itemized list of all such amounts, the account they are held for, the date such deposit was received by each Seller, terms and conditions of refunds due and/or which will become due, copies of all contracts or documents pertaining to the amount, and the amount of accrued interest if any;

(g) to the extent permitted by applicable Law, a list of Seller's customers served by the System containing such information as Seller has accumulated in the course of operating the System, without including any requirement that Seller gather any additional information; and

(h) such other instruments as shall be reasonably requested by Buyer to vest in Buyer title in and to the Purchased Assets free and clear from any and all liens or encumbrances (except Permitted Liens) in accordance with the provisions hereof.

### 3.3 Assumption Document

Upon the terms and subject to the conditions contained herein, at the Closing, Buyer shall deliver to each Seller an instrument of assumption substantially in the form attached hereto as Exhibit I, evidencing Buyer's assumption of the Assumed Liabilities (the "Assumption Document").

### 3.4 Form of Instruments

To the extent that a form of any document to be delivered hereunder is not attached as an Exhibit hereto, such documents shall be in form and substance, and shall be executed and delivered in a manner, reasonably satisfactory to Buyer.

### 3.5 Payment at Closing

Subject to the terms of this Agreement, Buyer shall deliver the Purchase Price into escrow in accordance with Section 2.1(b). Sellers shall indemnify Buyer jointly and severally from and against any and all costs, attorneys fees, damages, liability, or additional expense on account of any dispute between or among the Sellers related to the Escrow Instructions or the disbursement of any amount(s) placed into escrow pursuant hereto.

### 3.6 Certificates; Documents

Each Seller and Buyer shall deliver or cause to be delivered the certificates, documents and evidence of satisfaction of conditions and other matters described in Article 9 and Article 10.

### 3.7 Risk of Loss

From the date hereof through the Closing Date, all risk of loss or damage to the property included in the Purchased Assets shall be borne by each Seller, respectively, and thereafter shall be borne by Buyer. If any portion of the Purchased Assets is destroyed or damaged by fire or any other cause on or prior to the Closing Date, other than use, wear or loss in the ordinary course of business, the appropriate Seller shall give written notice to Buyer as soon as practicable after, but in any event within five (5) days of, discovery of such damage or destruction, a good faith estimate of: (a) the amount of insurance, if any, covering such Purchased Assets; and (b) the

amount, if any, which either Seller is otherwise entitled to receive as a consequence. In the event of such damage or destruction, Buyer shall accept the Purchased Assets in their destroyed or damaged condition and shall be entitled to the proceeds of any insurance or other proceeds payable with respect to such damaged or destroyed Purchased Assets. Notwithstanding the foregoing, if such damage or destruction has a Material Adverse Effect on the System, then Buyer shall have the option, which shall be exercised by written notice to both Sellers within ten (10) days after receipt of any Seller's notice or if there is not ten (10) days prior to the Closing Date, as soon as practicable prior to the Closing Date, of (a) accepting such Purchased Assets in their destroyed or damaged condition in which event Buyer shall be entitled to the proceeds of any insurance or other proceeds payable with respect to such loss or (b) terminating this Agreement in accordance with Section 11.1. If Buyer accepts such Purchased Assets, then after the Closing, any insurance or other proceeds paid or otherwise received on account of such damage shall belong, and shall be assigned to, Buyer without any reduction in the Purchase Price; otherwise, such insurance proceeds shall belong to each Seller as their respective interests may appear.

#### **ARTICLE 4. REPRESENTATIONS AND WARRANTIES OF SELLERS**

Sellers each hereby represent and warrants to Buyer, with respect to itself (and not with respect to the other Seller unless specifically indicated by the context below), as follows, except as set forth in Schedules numbered in relation to the Sections set forth below.

##### **4.1      Power and Authority**

Seller has the power and authority to enter into this Agreement and to carry out its duties and obligations contemplated by this Agreement and all other agreements contemplated hereby. Hildale City and Colorado City, collectively have the power to bind, and by executing this Agreement have hereby bound TCP, to the extent TCP may legally be bound, to perform each and every obligation and undertaking of a Seller hereunder as if TCP were a legal party hereto.

##### **4.2      Authority and Enforceability**

The execution, delivery and performance of this Agreement and all other agreements contemplated hereby and the consummation of the transactions contemplated hereby and thereby have been duly and effectively authorized by the governing body of each Seller; no other act or proceeding on the part of either Seller and/or TCP is necessary to authorize this Agreement or the transactions contemplated hereby, other than the approval of the electorate of each Seller, which approval was given, as to each Seller, at a general election held November 4, 2008. This Agreement has been duly executed and delivered by each Seller, and this Agreement constitutes a valid and binding obligation of each Seller, as well as TCP, enforceable against each Seller and TCP in accordance with its terms, except as it may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar Laws now or hereafter in effect relating to creditors' rights generally and that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding may be brought.

#### 4.3 No Breach or Conflict

Subject to the provisions of Section 4.4 below regarding required Approvals, the execution, delivery and performance by Seller of this Agreement and the Comprehensive Franchise Agreement (collectively the "Related Agreements") and any of the documents, instruments or other items to be delivered at Closing hereunder, does not and will not: (a) contravene any Law affecting or binding Seller, except where such contravention will not have a Material Adverse Effect on the Purchased Assets and will not affect the validity or enforceability of this Agreement and the Related Agreements or the validity of the transactions contemplated hereby and thereby; (b) conflict with or result in a breach of or default (with or without notice or lapse of time or both) under any material agreement or instrument to which Seller is a party or by which it or any of its properties may be affected or bound, the effect of which conflict, breach, or default, either individually or in the aggregate, would be a Material Adverse Effect on the Purchased Assets; or (c) interfere with, contravene, or violate any property right, contract right, or other enforceable right or privilege of any Person in and to any of the Purchased Assets hereunder, any of the Excluded Assets hereunder, or any portion of the System.

#### 4.4 Approvals

(a) Except as set forth on Schedule 4.4, the execution, delivery and performance by Seller of this Agreement and the Related Agreements do not require the authorization, consent or approval of any Person that is not a Governmental Body of such a nature that the failure to obtain the same would have a Material Adverse Effect on the System.

(b) Except as set forth on Schedule 4.4, the execution, delivery and performance by Seller of this Agreement and the Related Agreements do not require the authorization, consent, approval, certification, license or order of, or any filing with, any court or Governmental Body of such a nature that the failure to obtain the same would have a Material Adverse Effect on the System.

#### 4.5 Title to Purchased Assets.

Subject to the provisions of this Section 4.5, Seller has good and marketable title to all tangible and intangible personal property and real property included in the Purchased Assets to be sold, conveyed, assigned, transferred and delivered to Buyer by Seller, free and clear of all Liens, except for those created or allowed to be suffered by Buyer and except for any Permitted Liens. As of the Closing Date, none of the Purchased Assets are owned by TCP, and TCP has no other legal or equitable interest in or to any such assets. Notwithstanding the foregoing, but without limiting any warranty of title set forth pursuant to any deed or conveyance delivered by either Seller to Buyer hereunder, Sellers' representation set forth in this Section 4.5 is limited with respect to the Purchased Real Property in that Seller represents only that Seller has not sold or transferred any portion of the Purchased Real Property to any other Person or caused or allowed any portion of Purchased Real Property to be subject to any lien, claim, or encumbrance not included in Permitted Liens.

#### 4.6 No Undisclosed Liabilities.

Each Seller has disclosed in writing to Buyer each and every: (a) liability or obligation of such Seller for borrowed money arising from, related to, or in any manner secured by any portion



of the Purchased Assets, including the Bonds, existence of which has been expressly disclosed to Buyer; (b) right, interest and/or title of any Person not a party to this Agreement, other than Permitted Liens, in or to any portion of the Purchased Assets; (c) agreement, understanding, undertaking, arrangement, or condition between either Seller and any Person not a party to this Agreement which would, in any material manner, limit or impair the ability of Buyer to the quiet enjoyment and full, uninterrupted use of any portion of the System for its intended purpose from and after the Closing Date.

#### 4.7 Litigation

Except for ordinary routine claims and litigation incidental to the operation of the System, the existence and nature of which have been disclosed to Buyer (including those matters set forth in Schedule 4.7, if any), there are no actions, suits, claims or proceedings pending, or to the best of either Seller's Knowledge, threatened against or affecting the Purchased Assets or relating to the operation of the System, or the execution or consummation of this Agreement, at law or in equity, or before or by any Governmental Body.

### ARTICLE 5. REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents, warrants and covenants to Seller, as of the date hereof, as follows, except as set forth in Schedules numbered in relation to the Sections set forth below.

#### 5.1 Organization and Corporate Power

Buyer is a nonprofit corporation duly formed and validly existing under the Laws of the State of Utah, and is authorized to exercise its powers, rights and privileges and is in good standing in, the State of Utah and has full power to carry on its business as presently conducted and to own or lease and operate its properties and assets now owned or leased and operated by it and to perform the transactions on its part contemplated by this Agreement and all other agreements contemplated hereby.

#### 5.2 Authority and Enforceability

The execution, delivery and performance of this Agreement and all other agreements contemplated hereby and the consummation of the transactions contemplated hereby and thereby have been duly and effectively authorized by the governing board of Buyer; no other act or proceeding on the part of Buyer or its members is necessary to authorize this Agreement or the transactions contemplated hereby. This Agreement has been duly executed and delivered by Buyer, and this Agreement constitutes a valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms, except as it may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar Laws now or hereafter in effect relating to creditors' rights generally and that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding may be brought.

### 5.3 No Breach or Conflict

Subject to the provisions of Section 5.4 below regarding required Approvals, the execution, delivery and performance by Buyer of this Agreement and the Related Agreements do not: (a) conflict with or result in a breach of any of the provisions of the Articles of Incorporation or Bylaws of Buyer, (b) contravene any Law affecting or binding Buyer or any of its material properties or (c) conflict with or result in a breach of or default under any material agreement or instrument to which Buyer is a party or by which it or any of its properties may be affected or bound.

### 5.4 Approvals

(a) Except as set forth on Schedule 5.4, the execution, delivery and performance by Buyer of this Agreement and the Related Agreements do not require the authorization, consent or approval of any Person that is not a Governmental Body.

(b) Except as set forth on Schedule 5.4, the execution, delivery and performance by Buyer of this Agreement and the Related Agreements do not require the authorization, consent, approval, certification, license or order of, or any filing with, any court or Governmental Body.

### 5.5 Litigation

There are no actions, suits, claims or proceedings pending, or to the best of Buyer's Knowledge, threatened against Buyer likely to impair the consummation of the transactions contemplated by this Agreement or otherwise material to Buyer, and Buyer is not aware of facts likely to give rise to such litigation.

### 5.6 Disclaimer of Certain Implied Warranties.

Buyer agrees that except for the representations and warranties expressly set forth in this Agreement, the Purchased Assets are being sold on an "AS IS" basis and in "WITH ALL FAULTS" CONDITION, WHETHER SUCH FAULTS ARE LATENT OR PATENT, and, without limiting the generality of the foregoing, NEITHER SELLER MAKES ANY WRITTEN OR ORAL REPRESENTATION OR WARRANTY, WHETHER EXPRESS, IMPLIED, OR BY OPERATION OF LAW, WITH RESPECT TO (A) THE MERCHANTABILITY OF ANY PURCHASED ASSETS OR THE SYSTEM; (B) THE FITNESS OR SUITABILITY OF THE PURCHASED ASSETS OR THE SYSTEM FOR ANY PARTICULAR PURPOSE; (C) THE OPERATION OR CAPACITY OF THE SYSTEM; OR (D) THE CREDITWORTHINESS OF ANY SYSTEM CUSTOMER OR OTHER PERSON NOT A PARTY TO THIS AGREEMENT, AND ANY SUCH WARRANTY/WARRANTIES ARE HEREBY EXPRESSLY DISCLAIMED. WITHOUT LIMITING THE FOREGOING, THERE ARE NO WARRANTIES OF THIRD PARTIES OTHER THAN THOSE EXPRESSLY SET FORTH IN THIS AGREEMENT OR THOSE REFERRED TO HEREIN OR IN ANY SCHEDULE, EXHIBIT, OR ATTACHMENT HERETO. Buyer acknowledges and agrees that (a) Buyer has had the opportunity to conduct such inspections of the Purchased Assets as Buyer desires and is fully informed as to the condition of the Purchased Assets and other than the express representations and warranties in this Agreement and the documents executed and delivered in connection with this Agreement, Buyer has not relied upon any representation, warranty, or statement from the

Sellers or any employee, officer, or other person on behalf of Sellers with respect to the Purchased Assets or the condition or operation thereof; (b) from and after the Closing Date, Buyer shall have accepted the Purchased Assets and the Sellers will not have any further responsibility for the operation, maintenance or repair of the Purchased Assets (without limiting hereby any express agreement of Sellers to indemnify Buyer pursuant to Section 12.3); and (c) from and after the Closing Date, Buyer assumes the risk and responsibility for such operation, maintenance and repair.

#### 5.7 Financing

Buyer has the financial capability sufficient to permit it to perform timely its obligations hereunder and under the Related Agreements. Buyer acknowledges that this Agreement does not provide for a financing contingency as a condition to Buyer's obligations to perform hereunder. At Seller's request, Buyer shall promptly provide Seller with reasonable evidence that it has sufficient capital resources to perform its obligations hereunder and under the Related Agreements.

### ARTICLE 6. COVENANTS OF EACH PARTY

#### 6.1 Efforts to Close

Subject to the terms and conditions herein provided, including Article 9 and Article 10 hereof, each of the parties hereto agrees to use commercially reasonable efforts to take all actions and to do all things necessary, proper or advisable under applicable Laws to consummate and make effective, as soon as reasonably practicable, the transactions contemplated hereby, including the satisfaction of all conditions set forth herein. Such actions shall include exerting commercially reasonable efforts to obtain the approval of all Persons whose consent is reasonably necessary to effectuate the transactions contemplated hereby, and effecting all other necessary registrations and filings with any other Governmental Bodies that are required to effect the transactions contemplated hereby. Sellers shall cooperate with Buyer's efforts to obtain the requisite regulatory consents, provided Sellers shall not be obligated to incur any liabilities or assume any obligations in connection therewith. Other than Buyer's and Sellers' obligations under Section 6.3, neither party shall have any liability to the other if, after using commercially reasonable efforts, it is unable to obtain any approvals necessary for such party to consummate the transactions contemplated hereby. Furthermore, Sellers and Buyer shall execute and deliver such other agreements, documents and instruments as are required to be delivered by such party at or prior to Closing to effectuate the transactions contemplated by this Agreement. Notwithstanding the foregoing, in the event that any Party learns for the first time, through any notice, delivery or disclosure to be made hereunder prior to Closing of any condition or fact that would have a Material Adverse Effect on the reasonable expectations of the Party learning such fact, such Party shall have no obligation to proceed to Closing hereunder.

## 6.2 Further Assurances; Post Closing Transmission Documents.

(a) After the Closing, upon prior reasonable written request, each party shall cooperate with the other, at the requesting party's expense (but including only out-of-pocket expenses to third parties), in furnishing non-privileged records, information, testimony and other assistance in connection with any inquiries, actions, audits, proceedings or disputes involving either of the parties hereto (other than in connection with disputes between the parties hereto) that relate to contracts, arrangements or acts of Seller which were in effect or occurred on or prior to Closing and which relate to the Purchased Assets. Each Party hereto shall, as requested by the other Party, provide additional assurance, execute and deliver such instruments, assignments, certificates, or other documents, and shall take such actions as reasonably shall be necessary or desirable to evidence and to give full effect to the provisions of this Agreement.

(b) Within ten (10) days following the Closing, Sellers shall execute and deliver any documents reasonably requested by Buyer to facilitate the transfer of certain Purchased Assets, including portions of the 69 kV Transmission Line, to the designated transferee of Buyer. Without limiting the foregoing, The Sellers will be responsible for and shall obtain the complete termination of Section 4.3 of the agreement entitled "Right-Of-Way and Pole Agreement Between Hildale, Utah and the City of Hurricane" a 69 kV transmission line, described in Exhibit M hereto (the "Hurricane City Release"), execution of which in form and substance set forth in Exhibit L shall be deemed to satisfy the obligation of Sellers to obtain such termination.

## 6.3 Expenses

Whether or not the transactions contemplated hereby are consummated, except as otherwise provided in this Agreement, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expenses. Notwithstanding the foregoing, (a) recording costs and charges respecting real property will be borne by Seller; (b) all liabilities or obligations for taxes in the nature of sales taxes incurred as a result of the sale of the Purchased Assets hereunder to Buyer shall be borne by Buyer; (c) all document stamp fees, or similar taxes (but not any income-based tax or fee and not any tax, fee, or assessment authorized or collected by either Seller) disclosed in writing to the parties at or prior to Closing, and the reasonable customary fees of Escrow Agent shall be shared equally by Sellers on the one hand and Buyer on the other hand. All such charges and expenses shall be promptly settled between the parties at the Closing or upon termination or expiration of further proceedings under this Agreement, or with respect to such charges and expenses not determined as of such time, as soon thereafter as is reasonably practicable.

## 6.4 Preservation of Confidentiality

In connection with the negotiation of this Agreement and the preparation for the consummation of the transactions contemplated hereby, the parties acknowledge that each has had and will have access to confidential information relating to the other party, including without limitation any customer information provided by Seller to Buyer pursuant to Section 7.2, ("Confidential Information"). Prior to the Closing Date, and in the event this Agreement is terminated prior to the Closing, each of the parties shall treat all Confidential Information of the other party as confidential, preserve the confidentiality thereof and not disclose any such

Confidential Information, except to their representatives (including accountants and attorneys) and Affiliates who need to know such Confidential Information in connection with the transactions contemplated hereby. The parties shall use all reasonable efforts to cause their representatives and Affiliates to treat all Confidential Information as confidential, preserve the confidentiality thereof and not disclose any Confidential Information. Each party shall be responsible for any breach of this Agreement by any of its representatives. Notwithstanding the foregoing, nothing in this Agreement: (a) shall be construed to limit any right of any Governmental Body to review the substantive terms and conditions hereof or to conduct any investigation or make any inquiry and to receive such information as may be necessary or desirable to approve this Agreement or any transaction contemplated hereby; or (b) shall limit disclosure required by law, a court or arbitrator (under any legally binding arbitration) or other judicial process or in connection with the defense of claims pursuant to this Agreement.

6.5 Collection of Accounts Receivable; Purchase of Certain Accounts Post Closing

(a) Following the Closing Date, but subject in all events to the provisions of Section 6.5(b) below, Sellers will retain, and each Seller or its designee shall have the right and authority to collect for such Seller's account, all accounts receivable and other similar such items relating to electricity delivered by each Seller to such Seller's municipal system customers on or before the Closing. To the extent that Buyer receives any payments in respect of any of the foregoing Buyer shall properly endorse and deliver to Sellers any cash or checks received on account of or otherwise relating to any such receivables, on a weekly basis, after offsetting any amount(s) due and owing from Sellers pursuant to the express terms of this Agreement. To the extent Buyer delivers to either Seller any amount(s) collected and received on such accounts, provided Buyer uses its reasonable good faith efforts to identify and segregate such funds and deliver such to the appropriate Seller entitled thereto, Buyer's obligation pursuant to the foregoing provisions of this subsection shall be deemed to have been satisfied, and the Sellers shall be responsible, as between themselves, to account for and convey to one another any amount(s) erroneously paid by Buyer to the other Seller. Following the Closing Date, Buyer or its designee shall have the right and authority to collect on Buyer's account, all receivables and other similar items accruing after the Closing. To the extent that either Seller receives any payments related to the foregoing, such Seller shall properly endorse and deliver to Buyer any cash or checks received on account of or otherwise relating to any such receivables, to be paid each week on a weekly basis, after offsetting any amount(s) due and owing from Buyer pursuant to the express terms of this Agreement. Buyer agrees it will use its commercially reasonable efforts, but at no additional cost to Buyer, to cooperate with Seller after the Closing Date in the collection of all accounts receivable and other similar such items relating to electricity delivered on or before the Closing.

(b) Notwithstanding the foregoing provisions of Section 6.5(a), on or before the tenth (10<sup>th</sup>) Business Day after the Closing Date, Buyer will determine, in its good faith judgment, which portion of Sellers' outstanding electrical accounts receivable arising on account of service properly and duly provided in accordance with applicable rates and tariffs of Sellers prior to the Closing Date are: (i) legally valid obligations enforceable against the customer of Seller for electric utility service rendered prior to the Closing Date; and (ii) were not, as of the Closing Date, outstanding and payable over ninety (90) days from the earliest date such amounts were or

might have been deemed due and payable by the obligor thereunder. Forty-five (45) days after the Closing Date, Buyer shall purchase, and Sellers shall sell and convey to Buyer, such of those same receivables that as of that date remain unpaid, at a discounted rate of 50% of the face (principal) amount outstanding on such accounts described in accordance with the immediately preceding sentence. This amount will also be reduced by any outstanding balances of prepaid meter accounts. This amount will be paid directly to Sellers as of the effective date of transfer of such accounts, and shall be in addition to the Purchase Price. Sellers shall execute and deliver such documents, assignments, or other written evidence of assignment of such accounts to Buyer simultaneous with payment of such amount from Buyer to Sellers. From and after the A/R Purchase Date, any billings, invoices, or statements issued by either Seller to any System Customer shall direct all payments with respect to any account receivable purchased pursuant to this Section 6.5(b) thereafter to be remitted directly to Buyer, any payments received by Seller on any purchased account shall be held in trust for the benefit of and remitted immediately to Buyer, and Buyer shall thereafter keep and retain all payments received on account of any account purchased pursuant to this Section 6.5(b). Both parties agree that any payments received on existing account balances prior to August 1, 2009 shall be applied first to amounts outstanding as of the Closing Date, then to amounts due for services rendered prior to the Closing Date, and thereafter for services provided after the Closing Date. Amounts received by Buyer after August 1, 2009 but before the A/R Purchase Date, shall be applied first to amounts outstanding for services provided after the Closing Date, and thereafter to amounts outstanding for service provided prior to the Closing Date. Amounts received by either Seller after August 1, 2009 but before the A/R Purchase Date, shall be applied first to amounts outstanding for services rendered prior to the Closing Date, and thereafter to amounts outstanding for services provided after the Closing Date.

6.6 Termination of Certain Agreements Between Sellers; Dissolution of Twin City Power Board; Release and Discharge of Certain Payment Obligations Effective Upon Closing.

From and after the Closing, and as a material condition and inducement for this Agreement and the mutual covenants, promises, and consideration contemplated herein, each of the Sellers, for themselves, their officers, employees, agents, heirs, beneficiaries, successors and assigns do hereby consent to the termination of the following agreements between Hildale and Colorado City, and agree that such agreements, to the extent not otherwise terminated prior to Closing, shall terminate immediately and automatically upon the Closing hereunder (which agreement may be memorialized as part of a settlement arrangement or other written agreement among Sellers and the Bond Trustee):

(i) that certain *Electric Distribution Systems Management Operation and Maintenance Agreement* dated as of April 29, 1994 (the "Operations and Maintenance Agreement"); and

(ii) that certain *Twin Cities Power Project Power Sales Contract* dated as of December 15, 1995 (the "Power Sales Contract").

Furthermore, that certain Power Board established pursuant to Section 4 of the Operations

and Maintenance Agreement, and confirmed in Section 8 of the Power Sales Contract, shall as soon as practicable following the Closing hereunder be dissolved.

## ARTICLE 7. ADDITIONAL COVENANTS OF SELLER

Seller hereby additionally covenants, promises and agrees as follows:

### 7.1 Access

Subject to the restrictions set forth in Section 6.4 respecting confidentiality and any restrictions imposed by applicable Laws, Seller shall afford Buyer and its representatives, reasonable access, until the Closing Date, to the Purchased Assets and thereafter for a period of twelve (12) months to the managerial personnel associated therewith and all the properties, books, contracts, commitments and records included in or relating to the Purchased Assets which Sellers have or to which they have access in order to facilitate transition planning. Such access shall be afforded to Buyer after no less than twenty-four (24) hours' prior notice, during normal business hours and only in such manner so as not to disturb or interfere with the normal operations of Sellers. Sellers' covenants under this Section are made with the understanding that Buyer shall use all such information in compliance with all Laws. The foregoing notwithstanding, Buyer acknowledges and agrees that Buyer's access to the books and records of the Purchased Assets shall not include access to, and Sellers shall not have any obligation to deliver to Buyer, any information concerning any alleged dispute or any pending litigation, investigation or proceeding involving Sellers to the extent such information, if disclosed, would impair or waive any attorney-client privilege, or the disclosure of which is restricted by an agreement entered into in connection with such dispute, litigation, investigation or proceeding or an order entered by any court or otherwise restricted by applicable Law.

### 7.2 Customer Information

To the extent permitted by applicable Laws, Sellers will make available to Buyer prior to the Closing Date electrical customer information in either hard copy or electronic format. In addition, Sellers will make available to Buyer all drawings, maps, diagrams and other similar documents in Sellers' possession relating to the System.

### 7.3 Conduct Pending Closing

(a) Prior to consummation of the transactions contemplated hereby or the termination or expiration of this Agreement pursuant to its terms, each Seller will continue to operate the System in the ordinary course and will generally maintain the System in the condition in which it presently exists (reasonable wear and tear excepted), including, in each case, line extensions and the acquisition and disposition of assets used in the operation and maintenance of the System, all consistent with past practices of Sellers and in conformity with prudent utility practice. Notwithstanding the foregoing, each Seller represents that to its Knowledge, there are no acquisitions or dispositions which it intends, contemplates, or foresees prior to the Closing Date

which, in the aggregate would exceed Five Thousand Dollars (\$5,000.00). The parties agree that there shall be no adjustment to the Purchase Price as a result of such acquisitions or dispositions.

(b) Notwithstanding the provisions of Section 7.3(a), without the prior written consent of Buyer, which consent shall not be unreasonably withheld or delayed, prior to the consummation of the transactions contemplated hereby, each Seller covenants and agrees that it shall not:

- (i) dispose of any Purchased Assets valued in excess of Five Thousand Dollars (\$5,000);
- (ii) other than in the ordinary course of business, incur any additional debt related to the System or Purchased Assets; or
- (iii) except as contemplated by this Agreement, enter into any contracts that may impact the value of the Purchased Assets.

(c) As soon as practicable, and in all cases prior to the anticipated Closing Date, Sellers shall provide Buyer with all electrical customer information necessary for Buyer to set up billing accounts, in a readily useable electronic format (i.e. an excel spreadsheet showing account activity during at least the prior ninety (90) days, with weekly updates of changes to account data up to and through the Closing Date). Sellers will, prior to the Closing Date, provide copies of all drawings, maps (including base maps), diagrams and other similar documents relating to the System. Drawings and maps shall be provided in electronic AutoCAD 2000 format. Buyer will treat all information received from Sellers under this section as Confidential Information and, in the event that the sale and purchase does not close, will comply with the provisions of Section 6.4 with respect thereto.

#### 7.4 Retirement of Outstanding Debt

Sellers shall use commercially reasonable efforts to retire, repay, redeem, discharge or otherwise satisfy all outstanding bonds, inter-fund loans and other debt secured by the System. Notwithstanding the foregoing, and without excusing the obligation of Sellers, in no event shall Buyer be deemed to assume any liability or responsibility, whether primary, secondary, or otherwise for any payment of any such indebtedness.

#### 7.5 Disposition of Retained Generating Facility Post Closing; Month-to-Month Rent For Generating Facility Site;

The generator and associated equipment included in and constituting the Retained Generation Facility located in and on the generator building and adjacent site shall be removed by Hildale City no later than 12 months after Closing, provided however, that in no event shall the removal of such items in any way interfere, disrupt, or jeopardize the continuous functioning of any metering, relaying, and other control equipment included in the Purchased Assets. Hildale City will be responsible for cleaning up and debris removal, including any and all hazardous materials, from the generator building and site. Hildale City will be responsible to safeguard and minimize damage to the building and site during equipment removal, and shall in all events indemnify Buyer against any and all costs, damages, and injury from disruption in the



continuous operation of all portions of the System arising from any such removal work. In the event that Hildale City fails in any material respect to complete the disposition of the Retained Generating Facility or to properly and fully remove and dispose of any hazardous materials in the manner and according to the time limit set forth herein, Buyer may (but shall be under no obligation to), in addition to any and all other remedies available hereunder, at law, or in equity, proceed to dispose of the Retained Generating Facility and otherwise remove and dispose of such hazardous material in any lawful manner which Buyer shall deem advisable and prudent, and Sellers jointly and severally shall reimburse Buyer in full for all costs, fees, expenses, damages, losses, attorneys fees, consultant's fees, disposal fees and licenses, and all other costs whatsoever incurred in completing such work. In connection with sale and removal of the Retained Generators and the maintenance of the Retained Generators prior to removal, Hildale and the Bond Trustee and their agents, employees and contractors and potential buyers will have access to the Retained Generators at reasonable times and in such manner as will not disrupt Buyer's operation of the acquired Systems. Seller, its agents, employees and contractors who come onto any portion of Buyer's property shall at all times comply with the requirements of Buyer's insurance program as previously disclosed in writing to Seller.

Without in any manner limiting the provisions of the foregoing paragraph, in the event that any portion of the Retained Generating Facility is not removed from the property included in the Purchased Assets on or before the date 12 months after Closing, Buyer may, at its option, assess a month-to-month lease for the continued use of any portion of such property on which such Retained Generating Facility (or portion thereof) may remain. Buyer may collect from Hildale City, and Hildale City agrees to pay, as reasonable rent for the continued occupancy of any such portion of the Purchased Assets, and not as a penalty or punitive fee of any sort, a monthly charge of \$25,000 for each portion of any calendar month during which such Retained Generating Facility is not entirely removed in accordance with the provisions of this Agreement. Rent payments shall be due and payable no later than five (5) days following the end of each calendar month, and late payments shall bear additional interest at the rate of 1.5% per month until paid in full. In no event shall any such month-to-month lease or the payment of the foregoing rent in any manner relieve, excuse, or toll the obligation of Hildale City to effect the removal of the Retained Generating Facility, and Buyer shall be free to pursue any and all other rights and/or remedies available hereunder, at law, or in equity to enforce such obligation against Hildale City, in addition to charging and collecting the foregoing rent.

Post Closing Street Lighting

From and after Closing hereunder, Sellers shall abide by the terms of Buyer's standard street light rate tariff/policy charged to Buyer's other Municipal customers, as revised from time to time by Buyer's governing board. Without limiting the foregoing, Sellers shall pay the monthly fee for such service, together with the costs of repairs to street lights due to vandalism, and costs to acquire/install and maintain any non-standard lighting specifically requested or required by such Seller.

**ARTICLE 8.**  
**ADDITIONAL COVENANTS OF BUYER**

**8.1     Acquired Customer Rates and Fees; Policies**

Buyer agrees that all customers located in the areas presently served by the Systems will become members of Buyer as of the Closing. Subject to the provisions of this Section 8.1, as of the Closing Date hereunder, the initial rates charged by Buyer to such customers shall be equivalent to existing rates and charges of each Seller for similar class and character of service. Changes in rates and charges to System Customers from and after closing shall be subject to policies that from time to time may be established by the governing board of Buyer. Notwithstanding the foregoing, Sellers acknowledge and agree that increases to rates charged to System Customers will be in proportion to increases in rates charged to other customers of Buyer. Each Seller acknowledges and agrees that such rates and charges may include one or more energy and/or demand adder(s) as well as an investment adder to recover the cost and risks associated with the acquisition of the System.

**8.2     Conduct Pending Closing**

Prior to consummation of the transactions contemplated hereby or the termination or expiration of this Agreement pursuant to its terms, unless Sellers shall otherwise consent in writing, Buyer shall not take any action which would cause any of Buyer's representations and warranties set forth in Article 5 to be materially false as of the Closing.

**8.3     Conduct Following Closing**

(a)     Buyer's Office.     Provided all transactions contemplated hereby have been consummated as set forth herein, Buyer will, within a reasonable time following transfer of title of the Systems, establish an office for receipt of payment and customer service located in either Hildale or Colorado City, to be maintained for a period of three (3) years after the Closing, after which the office may be closed or consolidated, according to Buyer's discretion. The hours of operation, staffing, and location of the office shall at all times be at the discretion of the Buyer.

(b)     District Voting.     Buyer will undertake a realignment of its voting districts for elections to its governing board, which realignment shall take place during a normal and regular district election process within a reasonable time following Closing. Such realignment shall occur in such manner as Buyer's governing board shall determine and direct, in Buyer's prudent business judgment, to adequately reflect the interests of the addition of approximately 1000 new System Customers onto Buyer's system.

(c)     Employment Offers.     Following Closing hereunder, Buyer will offer employment to two (2) existing Journeyman Linemen employed by Hildale City. The terms and conditions of employment shall be as determined by Buyer in Buyer's sole discretion, and shall be based on an at-will employment relationship, with no contract or other rights accruing to or vested in any manner.

## ARTICLE 9. BUYER'S CONDITIONS TO CLOSING

The obligations of Buyer to consummate the transactions contemplated hereby with respect to the System and the Purchased Assets and Assumed Liabilities related thereto shall be subject to fulfillment at or prior to the Closing of the following conditions, unless Buyer waives in writing such fulfillment.

### 9.1 Performance of Agreement; Cross Default.

Both Sellers each shall have performed in all material respects its agreements and obligations contained in this Agreement required to be performed on or prior to the Closing. Without limiting any other provision of this Agreement, in no event shall Buyer be obligated to pay any portion of the Purchase Price or proceed to purchase any portion of the Purchased Assets or otherwise proceed to Closing unless and until both Sellers have tendered all deliveries and conveyances, in accordance with the express terms of this Agreement on or prior to Closing. Except as waived or otherwise modified in writing executed by an authorized officer of Buyer, the agreement set forth in this Agreement for the purchase of the System is dependent on the purchase and delivery from Sellers of the entire System, including all of the Purchased Assets. Any breach or default by either Seller hereunder shall constitute a breach by both Sellers.

### 9.2 Accuracy of Representations and Warranties

The representations and warranties of Sellers set forth in Article 4 of this Agreement shall be true and correct in all material respects as to the System or Purchased Assets in question as of the date of this Agreement (unless the inaccuracy or inaccuracies which would otherwise result in a failure of this condition have been cured as of the Closing) and as of the Closing as if made as of such time.

### 9.3 Officers' Certificate

Buyer shall have received from each Seller a certified statement, executed on such Seller's behalf by an Authorized Officer of Seller dated the Closing Date and stating that the conditions in Sections 9.1 and 9.2 above have been met.

### 9.4 Approvals; Acceptance of Initial Rates to System Customers

All Permits and all other approvals, consents, authorizations and waivers from other third parties (collectively "Approvals") required to consummate the transactions contemplated by this Agreement and required for Buyer to operate the System materially in accordance with the manner in which it was operated by Sellers prior to the Closing shall have been obtained. Without limiting the foregoing, the rates and charges proposed by Buyer to be charged to System Customers as of the time of Closing must have been approved and/or accepted without any change or condition, and such approval must have become final and non-appealable, by the regulatory authority of the state in which each Seller is located prior to Buyer's obligation to proceed to consummate any transaction contemplated hereby.

#### 9.5 No Restraint

There shall be no:

(a) injunction, restraining order or order of any nature issued by any court of competent jurisdiction or Governmental Body directing that the transactions contemplated hereby shall not be consummated as herein provided or compelling Buyer to dispose of or discontinue, or materially restrict the operation of, the System as a result of the consummation of the transactions contemplated hereby;

(b) suit, action or other proceeding by or before any court or Governmental Body pending or threatened (pursuant to a written notification), wherein such complainant seeks the restraint or prohibition of the consummation of the transactions contemplated hereby or seeks to compel, or such complainant's actions would compel, Buyer to dispose of or discontinue, or materially restrict the operation of, the System as a result of the consummation of the transactions contemplated hereby; or

(c) action taken, or Law enacted, promulgated or deemed applicable to the transactions contemplated hereby, by or before any court or Governmental Body which would render the purchase and sale of the System and related Purchased Assets illegal or which would threaten the imposition of any material penalty or material economic detriment upon Buyer if such transactions were consummated; provided that, the parties will use their reasonable efforts to litigate against, and to obtain the lifting of, any such injunction, restraining or other order, restraint, prohibition, action, suit, Law or penalty.

#### 9.6 Comprehensive Franchise Agreement

Each Seller shall have executed and delivered to Buyer the Comprehensive Franchise Agreement, in substantially the form attached hereto as Exhibit J (the "Comprehensive Franchise Agreement"), and the Comprehensive Franchise Agreement shall be binding and enforceable in accordance with its terms.

#### 9.7 Execution of Deseret G&T Special Incentive Load Contract.

Buyer shall have entered into an amendment to its existing contract with Deseret Generation & Transmission Co-operative ("Deseret G&T") for the supply of wholesale power and energy to service the acquired load (the "Deseret Generation Contract") satisfactory in form and substance to Buyer, provided however, that to the extent that that the final negotiated wholesale rate from Deseret G&T under the Deseret Generation Contract exceeds the "Anticipated Wholesale Rate" (defined below), then the Purchase Price in Section 2.1 shall be reduced as follows:

(a) the Purchase Price shall be reduced by the net present value of the positive difference (if any) in Buyer's projected power cost over a period of 25 years following Closing, discounted at 7.5%, based assumed load size and characteristics (*i.e.*, load factor) for the System load equal to the size and characteristics of such load during the most recent twelve (12) full calendar months preceding the Closing Date.

(b) for purposes of the foregoing, the "Anticipated Wholesale Rate" shall equal the existing "Rate Schedule "A"" wholesale energy and capacity rate charged to Buyer by Deseret G&T as of the date of this Agreement, plus an annual fixed facilities charge (for service to the acquired System Customers' load) equal to \$930,000 per year.

Buyer shall provide written evidence to Sellers at or prior to Closing setting forth the amount of reduction (if any) in the Purchase Price pursuant to the provisions of this Section 9.7.

9.8 Modification of Deseret G&T TSO Agreement

Deseret G&T shall have obtained (at no substantial additional or increased cost, risk, or future liability to Deseret G&T) written agreement, in final and enforceable form, together with any necessary Governmental Approvals, from Rocky Mountain Power, as a transmission provider, to modify the terms and conditions of the existing transmission services operating agreement to provide for an additional point of delivery to Deseret G&T at Hildale, Utah or at another point of interconnection with the 69 kV Transmission Line otherwise acceptable to Deseret G&T for delivery of power and energy requirements of customers served by the System.

9.9 Bill of Sale; Special Warranty Deed; Assignment of Right-of-Way

Sellers shall have executed and delivered to Buyer such Bills of Sale, Special Warranty Deeds and assignments, including the Assignment of Right-of-Way and associated permits, as are necessary to convey, sell, transfer and assign to Buyer all right, title and interest in and to the Purchased Assets free and clear of all Liens other than the Permitted Liens and those other matters, if any, as may be approved in writing by Buyer prior to the Closing Date.

9.10 Assignment of Indemnification and Other Rights

Each Seller shall have executed and delivered to Buyer the Assignment of Indemnification Rights, pursuant to which each Seller will assign to Buyer the right to pursue an indemnity, warranty, subrogation, contribution, or other similar claims under any indemnity agreement, purchase contract, or other agreement of or arising by law against any vendor, supplier, OEM manufacturer, insurer, or others in favor of Seller relating to the presence of any harmful or hazardous materials in, on, or otherwise escaped from any of the Purchased Assets. Such Assignment of Indemnification Rights shall not require or contain any representation or warranty concerning the enforceability of the rights assigned or that such rights are assignable.

9.11 Release of Seller Liens

Buyer shall have received reasonably satisfactory evidence of the release of any Liens arising by or through either Seller on the Purchased Assets as security for revenue or general obligation bonds issued by either Seller or any other indebtedness against either Seller or any Purchased Asset, without limiting the foregoing, such release(s) shall include duly executed release(s) of the Bondholders releasing and terminating all interests, liens, or other rights or privileges in and to or with respect to any portion of the Purchased Assets.

9.12 Hurricane City Release

Seller shall have obtained from Hurricane City the Hurricane City Release (in the form attached to this Agreement as Exhibit "M"), together with such other documents, releases, conveyances, or assurances as Buyer may reasonably determine desirable or necessary to clear title in and to the 69 kV Transmission Line from any lien, encumbrance, or right of or arising through Hurricane City for Hurricane City or any third party to modify, make use of, or otherwise claim any future right with respect to the 69 kV Transmission Line.

9.13 Termination of Service Agreement with Hurricane/UAMPS

Sellers shall have obtained, in written and enforceable form, the termination and complete satisfaction of all of Seller's obligations and all rights, interest, claims, or contractual rights of any other party with respect to any portion of the System or the Purchased Assets arising under the agreement known as "Hildale Interconnect Agreement Among Utah Associated Municipal Power Systems ("UAMPS"), The City of Hurricane, Utah, and the City of Hildale, Utah."

9.14 Approval of Legal Matters by Buyer's Counsel

All legal matters in connection with the matters herein provided for or the transactions contemplated hereby and all papers and documents in connection therewith shall be reasonably satisfactory in form and substance to counsel for Buyer and there shall have been furnished to such counsel such municipal and other records and information as counsel for Buyer may reasonably have requested for such purpose.

9.15 Receipt of Other Documents

Buyer shall have received the following:

- (a) The documents and instruments contemplated by Section 3.2;
- (b) certified copies of the resolutions of the governing body of each Seller authorizing, approving, and directing the execution and performance of this Agreement, the Related Agreements and the transactions contemplated hereby;
- (c) one or more certificates as to the incumbency of each Authorized Officer of each Seller who has signed this Agreement, any Related Agreement or any certificate, document or instrument delivered pursuant to this Agreement or any Related Agreement; and
- (d) instruments of transfer, sufficient to transfer personal property interests that are included in the Purchased Assets but not otherwise transferred by the Bills of Sale, Special Warranty Deed and assignments referred to in Section 9.10 above, properly executed and acknowledged in the form customarily used in commercial transactions in Utah.

9.16 Conversion of Existing L&G Metering System

The L&G Prepaid Metering System shall have been converted and/or replaced prior to Closing to the mutual satisfaction of Buyer and Sellers.

## ARTICLE 10. SELLERS' CONDITIONS TO CLOSING

The obligations of Sellers to consummate the transactions contemplated hereby shall be subject to the fulfillment at or prior to the Closing of the following conditions, unless each Seller waives in writing such fulfillment.

### 10.1 Performance of Agreement

Buyer shall have performed in all material respects its agreements and obligations contained in this Agreement required to be performed on or prior to the Closing.

### 10.2 Accuracy of Representations and Warranties

The representations and warranties of Buyer set forth in Article 5 of this Agreement shall be true and correct in all material respects as of the date of this Agreement (unless the inaccuracy or inaccuracies which would otherwise result in a failure of this condition have been cured as of the Closing) and as of the Closing as if made as of such time.

### 10.3 Officers' Certificate

Sellers shall have received from Buyer an officers' certificate, executed on Buyer's behalf by an Authorized Officer of Buyer dated the Closing Date and stating that the conditions in Sections 10.1 and 10.2 above have been met.

### 10.4 Approvals

All Approvals required to consummate the transactions contemplated by this Agreement shall have been obtained.

### 10.5 No Restraint

There shall be no:

(a) injunction, restraining order or order of any nature issued by any court of competent jurisdiction or Governmental Body directing that the transactions contemplated hereby shall not be consummated as herein provided;

(b) suit, action or other proceeding by or before any court or Governmental Body pending or threatened (pursuant to a written notification), wherein such complainant seeks the restraint or prohibition of the consummation of the transactions contemplated hereby or otherwise constrains consummation of the transactions contemplated hereby on the terms contemplated herein; or

(c) action taken, or Law enacted, promulgated or deemed applicable to the transactions contemplated hereby, by or before any court or Governmental Body which would render the

purchase and sale of the System and related Purchased Assets illegal or which would threaten the imposition of any material penalty or material economic detriment upon Seller if such transactions were consummated; provided, that the parties will use their reasonable efforts to litigate against, and to obtain the lifting of, any such injunction, restraining or other order, restraint, prohibition, action, suit, law or penalty.

10.6 Comprehensive Franchise Agreement; Good Faith Negotiations of Wholesale Power Supply Agreement.

Buyer shall have executed and delivered to each Seller the Comprehensive Franchise Agreement substantially in the form attached hereto as Exhibit J, and the Comprehensive Franchise Agreement shall be binding and enforceable in accordance with its terms. Buyer shall have used its good faith efforts to negotiate and enter into the Deseret Generation Contract on terms which would minimize the amount of any reduction in Purchase Price pursuant to Section 9.7.

10.7 Assumption Document

Buyer shall have executed and delivered to Seller(s) an Assumption Document evidencing Buyer's assumption of the Assumed Liabilities, if any.

10.8 Bondholder Approval; Release of Liabilities

(a) Bondholder(s) and or any trustee(s) for such Bondholder(s) shall evidence approval of this Agreement and the transaction(s) contemplated hereby by delivering written consent to Sellers, with a copy to Buyer, in form and substance satisfactory to each Seller.

(b) Each Seller shall have received release(s) from the other Seller and from the Bondholders (or the Bond Trustee) in form and substance satisfactory to each Seller releasing such Seller from any and all current and future debts and liabilities for any of the System Indebtedness, unless otherwise agreed in writing between such Seller and the Bondholders, but *provided further, however that:* (i) upon Sellers' execution and delivery of any of the instruments contemplated pursuant to Section 9.9 above, for purposes of this Agreement, the condition of this Section 10.8(b) shall be deemed entirely, irrevocably, and unconditionally satisfied and/or waived without any recourse whatsoever to Buyer or to any of the Purchased Assets; and (ii) in no event shall Buyer be obligated directly or indirectly, for any portion of the System Indebtedness except and solely to the extent that Buyer expressly agrees in writing prior to the Closing to assume any portion thereof.

10.9 Approval of Legal Matters by Seller's Counsel

All legal matters in connection with the matters herein provided for or the transactions contemplated hereby and all papers and documents in connection therewith shall be reasonably satisfactory in form and substance to counsel for Sellers and there shall have been furnished to such counsel such corporate and other records and information as counsel for Sellers may have requested for such purpose.



#### 10.10 Receipt of Other Documents

Sellers shall have received the following:

- (a) certified copies of the resolutions of Buyer's board of directors respecting this Agreement, the Related Agreements and the transactions contemplated hereby, together with certified copies of any shareholder, partner, member or other owner resolutions which are necessary to approve the execution and delivery of this Agreement and the Related Agreements and/or the performance of the obligations of Buyer hereunder and thereunder;
- (b) one or more certificates as to the incumbency of each officer of Buyer who has signed this Agreement, any Related Agreement or any certificate, document or instrument delivered pursuant to this Agreement or any Related Agreement;
- (c) a good standing certificate for Buyer from the Department of Commerce of the State of Utah, dated as of a date not earlier than fifteen (15) Business Days prior to the Closing Date; and
- (d) copies of all third party and governmental consents, permits and authorizations that Buyer has received in connection with the transactions contemplated hereby.

### ARTICLE 11. TERMINATION

#### 11.1 Termination

This Agreement and the transactions contemplated hereby that have not been consummated may be terminated:

- (a) at any time, by mutual written consent of Sellers and Buyer; or
- (b) by any party upon notice to the others if there has been (i) a material default or material breach under this Agreement by one or more other part(ies) which is not cured by the earlier of the Closing Date or the date thirty (30) days after receipt by the other party of notice from the terminating party specifying with particularity such breach or default, *provided, however*, that to the extent any Party has Knowledge of any material default or breach which would, with the giving of notice, give rise to any right to terminate this Agreement, such Party shall immediately notify the other Party of the nature of such default or breach and, failing which, to the extent any Party does not give such notice without delay, the breach and/or default shall be deemed waived solely for purpose of this Section 11.1(b); or (ii) a fraudulent act by the other party with respect to this Agreement; or
- (c) by any party upon notice to the others if (i) the Closing shall not have occurred by the Termination Date or (ii) (A) in the case of termination by either Seller, the conditions set forth in Article 10 for the Closing cannot reasonably be satisfied despite the use of commercially reasonable efforts as set forth in Section 6.1 by the Termination Date and (B) in the case of termination by Buyer, the conditions set forth in Article 9 for the Closing cannot be satisfied

despite the use of commercially reasonable efforts as set forth in Section 6.1 by the Termination Date, unless in either of the cases described in clause (A) or (B), the failure of the condition is the result of the material breach, material default or fraudulent act under this Agreement by the party seeking to terminate. Each party's right of termination hereunder is in addition to any other rights it may have hereunder or otherwise; or

(d) by Buyer pursuant to the terms of Section 3.7.

#### 11.2 Effect of Termination

If there has been a termination pursuant to Section 11.1(a) or 11.1(c), then this Agreement shall be deemed terminated, and all further obligations of the parties hereunder shall terminate, except that the obligations set forth in Sections 6.3, 6.4 and 11.2, and in Article 12 and Article 13 shall survive. In the event of such termination of this Agreement, there shall be no liability for damages on the part of a party to another under and by reason of this Agreement or the transactions contemplated hereby except as set forth in Article 12. If there has been a termination pursuant to Section 11.1(b), the obligations set forth in Section 6.3, 6.4, and 11.2, and in Article 12 and Article 13 shall survive, and the remedies for which shall not be limited by the provisions of this Agreement.

### ARTICLE 12. SURVIVAL AND REMEDIES; INDEMNIFICATION

#### 12.1 Survival

Except as may be otherwise expressly set forth in this Agreement, the representations, warranties, covenants and agreements of Buyer and Sellers set forth in this Agreement, or in any writing required to be delivered in connection with this Agreement, shall survive the Closing Date.

#### 12.2 Exclusive Remedy

Absent fraud or unless otherwise specifically provided herein, the sole exclusive remedy for damages of a party hereto for any breach of the representations, warranties, covenants and agreements of any other party contained in this Agreement shall be the remedies contained in this Article 12.

#### 12.3 Indemnity by Sellers

(a) Each Seller shall indemnify and defend Buyer and its shareholders, directors, officers, employees, contractors and agents (each one an "Indemnified Person") and hold them harmless from and against any and all claims, demands, suits, losses, liabilities, damages and expenses, including reasonable attorneys' fees and costs of investigation, litigation, arbitration, settlement and judgment (collectively "Losses"), which any such Indemnified Person may sustain or suffer or to which such Indemnified Person may become subject as a result of:

(i) the inaccuracy of any representation or the breach of any representation or warranty made by the indemnifying Seller in Article 4 hereof;

(ii) The indemnifying Seller's payment or non-payment of any liabilities of such Seller to the City of Hurricane, Utah or to UAMPS, or to the Bondholders, or to UEP, and/or any other consultants or agents retained by such Seller in connection with the transactions contemplated hereby;

(iii) if the Closing occurs, the failure of the indemnifying Seller to pay, discharge or perform as and when due, any of the Excluded Liabilities or to promptly pay and/or secure the release of any liens or encumbrances on the Purchased Assets of mechanics, materialmen, vendors, or other liens thereon arising by or through such Seller for services or material purchased or provided prior to Closing; and

(iv) any claim that the System as it exists and is configured as of the Closing Date materially and improperly violates the valid property rights of any Person.

(b) The indemnification obligations of Sellers provided above shall, in addition to the qualifications and conditions set forth in Sections 12.5 and 12.6, be subject to the following qualifications:

(i) Buyer shall not be entitled to indemnity for breaches of representations and warranties under clause (a)(i) or for claims arising under clause (a)(iv) on account of third party property claims, unless notice to the indemnifying Seller of such claim specifying the basis thereof is made, or an action at law or in equity with respect to such claim is served, before the fifth anniversary of the Closing Date, except that such time limitation shall not apply to breaches of the representations and warranties contained in Sections 4.1, 4.2, 4.3, 4.4, and 4.5; and

(ii) Buyer shall not be entitled to indemnity under clauses (a)(i)-(iii) above except for out-of-pocket Losses actually suffered or sustained by it and such indemnity shall not include Losses in the nature of consequential damages, punitive damages, lost profits, diminution in value, damage to reputation or the like, except that the provisions of this clause (b)(ii) shall not apply to a breach of Section 6.4.

#### 12.4 Indemnity by Buyer

(a) Buyer shall indemnify and defend each Seller and its officers, employees, contractors and agents, and hold them harmless from and against any and all Losses which they may sustain or suffer or to which they may become subject as a result of:

(i) the inaccuracy of any representation or the breach of any representation or warranty made by Buyer in this Agreement;

(ii) the nonperformance or breach of any covenant or agreement made or undertaken by Buyer in this Agreement;

(iii) if the Closing occurs, the failure of Buyer to pay, discharge or perform as and when due, any of the Assumed Liabilities; and

(iv) any Losses incurred by Seller as a result of access to the Purchased Assets prior to Closing granted by Seller to Buyer in accordance with the provisions of Section 7.1 and customer information provided by Seller to Buyer pursuant to Section 7.2;

(b) The indemnification obligations of Buyer provided above shall be subject to the following qualifications, in addition to the qualifications and conditions set forth in Sections 12.5 and 12.6 below:

(i) Seller shall not be entitled to indemnity for breaches of representations and warranties under clause (a)(i) unless notice to Buyer of such claim specifying the basis thereof is made, or an action at law or in equity with respect to such claim is served, before the fifth anniversary of the Closing Date, except that such time limitation shall not apply to breaches of the representations and warranties contained in Sections 5.1, 5.2, 5.3, 5.4 and 5.7; and

(ii) Sellers and each of them shall not be entitled to indemnity under clauses (a)(i)-(iv) above except for out-of-pocket Losses actually suffered or sustained by each of them and such indemnity shall not include Losses in the nature of consequential damages, punitive damages, lost profits, diminution in value, damage to reputation or the like, except that the provisions of this clause (b)(ii) shall not apply to a breach of Section 6.4.

#### 12.5 Further Qualifications Respecting Indemnification

The right of a Person indemnified pursuant to this Agreement (an "Indemnitee") to indemnity hereunder shall be subject to the following additional qualifications:

(a) The Indemnitee shall promptly upon its discovery of facts or circumstances giving rise to a claim for indemnification, including receipt by it of notice of any demand, assertion, claim, action or proceeding, judicial, governmental or otherwise, by any third party (such third party actions being collectively referred to herein as "Third Party Claims"), give notice thereof to the indemnifying party (the "Indemnitor"), such notice in any event to be given within 30 days from the date the Indemnitee obtains actual knowledge of the basis or alleged basis for the right of indemnity or such shorter period as may be necessary to avoid material prejudice to the Indemnitor.

(b) In computing Losses, such amounts shall be computed net of any related recoveries to which the Indemnitee is entitled under insurance policies, or other related payments received or receivable from third parties, and net of any tax benefits actually received by the Indemnitee or for which it is eligible, taking into account the income tax treatment of the receipt of indemnification.

(c) The indemnification shall not apply to Losses to the extent that they are caused by the negligence or willful misconduct of the Indemnitee.

#### 12.6 Procedures Respecting Third Party Claims

In providing notice to the Indemnitor of any Third Party Claim (the "Claim Notice"), the Indemnatee shall provide the Indemnitor with a copy of such Third Party Claim or other documents received and shall otherwise make available to the Indemnitor all relevant information material to the defense of such claim within the Indemnatee's possession. The Indemnitor shall have the right, by notice given to the Indemnatee within fifteen (15) days after the date of the Claim Notice, to assume and control the defense of the Third Party Claim that is the subject of such Claim Notice, including the employment of counsel selected by the Indemnitor after consultation with the Indemnatee, and the Indemnitor shall pay all expenses of, and the Indemnatee shall cooperate fully with the Indemnitor in connection with, the conduct of such defense. The Indemnatee shall have the right to employ separate counsel in any such proceeding and to participate in (but not control) the defense of such Third Party Claim, but the fees and expenses of such counsel shall be borne by the Indemnatee unless the Indemnitor shall agree otherwise; provided, however, if the named parties to any such proceeding (including any impleaded parties) include both the Indemnatee and the Indemnitor, the Indemnitor requires that the same counsel represent both the Indemnatee and the Indemnitor, and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them, then the Indemnatee shall have the right to retain its own counsel at the cost and expense of the Indemnitor. If the Indemnitor shall have failed to assume the defense of any Third Party Claim in accordance with the provisions of this Section, then the Indemnatee shall have the absolute right to control the defense of such Third Party Claim, and, if and when it is finally determined that the Indemnatee is entitled to indemnification from the Indemnitor hereunder, the fees and expenses of Indemnatee's counsel shall be borne by the Indemnitor, provided that the Indemnitor shall be entitled, at its expense, to participate in (but not control) such defense. The Indemnitor shall have the right to settle or compromise any such Third Party Claim for which it is providing indemnity so long as such settlement does not impose any obligations on the Indemnatee (except with respect to providing releases of the third party). The Indemnitor shall not be liable for any settlement effected by the Indemnatee without the Indemnitor's consent except where the Indemnatee has assumed the defense because Indemnitor has failed or refused to do so. The Indemnitor may assume and control, or bear the costs, of any such defense subject to its reservation of a right to contest the Indemnatee's right to indemnification hereunder, provided that it gives the Indemnatee notice of such reservation within fifteen (15) days of the date of the Claim Notice.

#### 12.7 Contract Damages

Each party shall be entitled to contract damages for a breach of the other party's obligations hereunder.

#### 12.8 Several Obligations.

Notwithstanding any contrary provision of this Agreement, the liabilities and obligations of each Seller shall be several and not joint and in no event will a Seller be liable for the breach of any obligation of the other Seller or the breach of any representation and warranty by the other Seller. Notwithstanding the foregoing, in no event shall the provisions of this Section 12.8

operate to in any manner diminish, limit, alter, or otherwise affect the duty of each Seller to perform its several obligations and undertakings arising hereunder.

### ARTICLE 13. GENERAL PROVISIONS

#### 13.1 Entirety of Agreement; Amendments

This Agreement (including the Schedules and Exhibits hereto), the Related Agreements and the other documents and instruments specifically provided for in this Agreement and the Related Agreements contain the entire understanding between the parties concerning the subject matter of this Agreement and such other documents and instruments and, except as expressly provided for herein, supersede all prior understandings and agreements, whether oral or written, between them with respect to the subject matter hereof and thereof. There are no representations, warranties, agreements, arrangements or understandings, oral or written, between the parties hereto relating to the subject matter of this Agreement and such other documents and instruments which are not fully expressed herein or therein. This Agreement may be amended or modified only by an agreement in writing signed by each of the parties hereto. All Exhibits and Schedules attached to or delivered in connection with this Agreement are integral parts of this Agreement as if fully set forth herein.

#### 13.2 Successors and Assigns

The rights under this Agreement shall not be assignable or transferable nor the duties delegable by either party without the prior consent of the other, and nothing contained in this Agreement, express or implied, is intended to confer upon any Person, other than the parties hereto, their permitted successors-in-interest and permitted assignees and any Person benefiting from the indemnities provided herein, any rights or remedies under or by reason of this Agreement unless so stated to the contrary.

#### 13.3 Notices

All notices, requests, demands, waivers, consents and other communications hereunder shall be in writing, shall be delivered either in person, by telegraphic, facsimile or other electronic means, by overnight air courier or by mail, and shall be deemed to have been duly given and to have become effective (a) upon receipt if delivered in person or by telegraphic, facsimile or other electronic means, (b) one Business Day after having been delivered to an air courier for overnight delivery or (c) three Business Days after having been deposited in the U.S. mails as certified or registered mail, return receipt requested, all fees prepaid, directed to the parties or their permitted assignees at the following addresses (or at such other address as shall be given in writing by a party hereto):

If to Sellers, addressed to:

Hildale City  
P.O. Box 840809  
Hildale UT 84784-0809  
Attn: Jeremiah Barlow  
Facsimile: 435/874-2603

Colorado City  
P.O. Box 70  
Colorado City, AZ 86021  
Attn: David Darger  
Facsimile: 928/875-2778

If to Buyer, addressed to:

Garkane Energy Cooperative, Inc.  
P.O. Box 465  
Loa, Utah 84747  
Attn: Carl R. Albrecht  
Facsimile: (435) 836-2795

with a copy to counsel for Buyer:

Deseret Power Electric Cooperative  
10714 South Jordan Gateway  
South Jordan, Utah 84095  
Attn: David F. Crabtree  
Facsimile: (801) 619-6598

13.4 Attorneys' Fees

In any litigation or other proceeding relating to this Agreement, the prevailing party shall be entitled to recover its costs and reasonable attorneys' fees.

13.5 Severability

Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be valid, binding and enforceable under applicable Law, but if any provision of this Agreement is held to be invalid, void (or voidable) or unenforceable under applicable Law, such provision shall be ineffective only to the extent held to be invalid, void (or voidable) or unenforceable, without affecting the remainder of such provision or the remaining provisions of this Agreement.

13.6 Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

13.7 Captions and Paragraph Headings

Captions and paragraph headings used herein are for convenience only and are not a part of this Agreement and shall not be used in construing it.

13.8 Waiver

The failure of a party to insist, in any one or more instances, on performance of any of the terms, covenants and conditions of this Agreement shall not be construed as a waiver or relinquishment of any rights granted hereunder or of the future performance of any such term, covenant or condition, but the obligations of the parties with respect thereto shall continue in full force and effect. No waiver of any provision or condition of this Agreement by a party shall be valid unless in writing signed by such party or operational by the terms of this Agreement. A waiver by one party of the performance of any covenant, condition, representation or warranty of the other party shall not invalidate this Agreement, nor shall such waiver be construed as a waiver of any other covenant, condition, representation or warranty. A waiver by any party of the time for performing any act shall not constitute a waiver of the time for performing any other act or the time for performing an identical act required to be performed at a later time.

13.9 Governing Law

This Agreement shall be governed in all respects, including validity, interpretation and effect, by the laws of the State of Utah applicable to contracts made and to be performed wholly within the State of Utah by residents of the State of Utah. .

13.10 ARS Ann. § 38-511

**Arizona Rev. Stat. Ann. 38-511 applies to this contract as if fully set forth herewith, which allows cancellation of this contract, within three years after its execution if any person significantly involved in initiating, negotiating, securing, drafting, or creating the contract on behalf of the state, its political subdivisions or any of the departments or agencies of either is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or consultant to any other party of the contract with respect to the subject matter of the contracts. Sellers will provide to Buyer notarized, sworn affidavits from each person significantly involved in initiating, negotiating, securing, drafting, or creating the contract on behalf of the state of Arizona, its political subdivisions or any of the departments or agencies stating that they and their actions are in full compliance with Arizona Rev. Stat. Ann. 38-511.**

13.11 Time Is of the Essence

Time is hereby expressly made of the essence with respect to each and every term and provision of this Agreement. The parties acknowledge that each will be relying upon the timely

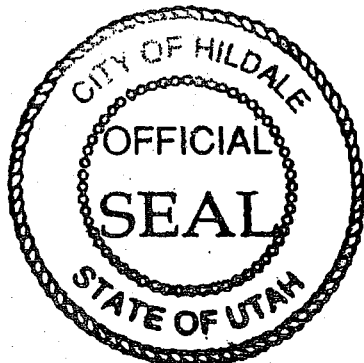


performance by the other of its obligations hereunder as a material inducement to each party's execution of this Agreement.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the parties have duly executed this Agreement on the date first above written.

SELLERS:



CITY OF HILDALE, WASHINGTON  
COUNTY, UTAH

By: *David K. Eikting*  
Name: David K. Eikting  
Title: Mayor

By: *Vincent Barlow*  
Name: Vincent Barlow  
Title: City Recorder

TOWN OF COLORADO CITY, MOHAVE COUNTY,  
ARIZONA



By: *Terrill Johnson*  
Name: Terrill Johnson  
Title: Mayor

By: *Vance Barlow*  
Name: Vance Barlow  
Title: Town Clerk

ATTEST:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: BUYER:

GARKANE ENERGY COOPERATIVE, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

IN WITNESS WHEREOF, the parties have duly executed this Agreement on the date first above written.

SELLERS:

**CITY OF HILDALE, WASHINGTON  
COUNTY, UTAH**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: Mayor

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: City Recorder

**TOWN OF COLORADO CITY, MOHAVE  
COUNTY, ARIZONA**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: Mayor

By: \_\_\_\_\_

Name: \_\_\_\_\_

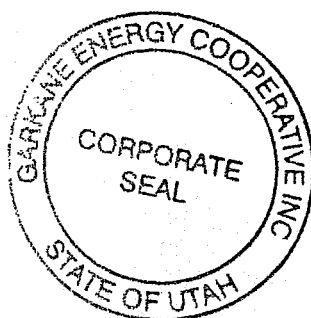
Title: Town Clerk

ATTEST:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: BUYER:



**GARKANE ENERGY COOPERATIVE, INC.**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

#### Schedule 4.4

##### Seller Approvals

1. Completion of the sale of the System requires the approval of the electorate of each Seller, which approval was given, with respect to each Seller, at a general election held November 4, 2008.
2. Completion of the sale of the System requires the approval of the [town council] of Hildale City, which approval was given at a meeting of such body on June 22, 2009.
3. Completion of the sale of the System requires the approval of the [town council] of Colorado City, which approval was given at a meeting of such body on June 22, 2009.

#### Schedule 4.7

#### Litigation

On December 23, 2008, Town resident Ronald Cooke filed a Housing Discrimination Complaint with the Arizona Attorney General's Civil Rights Division, alleging that the Town (as well as the City of Hildale) has discriminated against him on the basis of his religion, claiming to have been denied his request for utility service at a certain residence located at 420 E. Academy Avenue in Colorado City. Mr. Cooke also alleges that the Town (as well as the City of Hildale) has unlawfully refused to make a reasonable accommodation for his physical disabilities in denying such service.

The Town and Hildale have denied Mr. Cooke's allegations, and maintain that electric service is available and offered, upon meeting the established pre-requisites. The water service has other legitimate, nondiscriminatory issues unrelated to the electric service. Pre-finding conciliation/settlement discussions are ongoing between this office, the Arizona Attorney General's Office, and counsel for Hildale and the other Respondents, and there is a reasonable chance that the matter will be settled.

Schedule 5.4

Buyer Approvals

1. Completion of the purchase of the System requires the approval of the governing body of Buyer, which approval was given at a meeting of such body on June 22, 2009.
2. Completion of the sale of the purchase of the System requires the approval of the Arizona Corporations Commission, which approval was given on May 5, 2009.
3. Completion of the sale of the purchase of the System was approved by the Utah Public Service Commission on June 9, 2009.

EXHIBIT "A"

TO THE

AGREEMENT FOR PURCHASE AND SALE  
OF MUNICIPAL ELECTRICITY DISTRIBUTION SYSTEMS

DESCRIPTION OF CITY LIMITS – HILDALE CITY, COLORADO CITY

**CORPORATE LIMITS  
OF THE  
CITY OF HILDALE, UTAH**

May 22, 2009

**Description**

The following described parcels located in Township 43 South, Range 10 West, Salt Lake Base and Meridian:

- Section 14: The southwest quarter; the south half of the northwest quarter.
- Section 21: The southeast quarter of the southeast quarter; the east half of the southwest quarter of the southeast quarter; the south half of the northeast quarter of the southeast quarter; the southeast quarter of the northwest quarter of the southeast quarter.
- Section 22: The southwest quarter; the west half of the west half of the southeast quarter; the southwest quarter of the southwest quarter of the northeast quarter; the south half of the south half of the northwest quarter.
- Section 23: The west half.
- Section 26: The southwest quarter of the southeast quarter; The southeast quarter of the southwest quarter; The southwest quarter of the southwest quarter; The northwest quarter of the southwest quarter; The west half of the northeast quarter of the southwest quarter; ALSO: Beginning at the west quarter corner of Section 26, THENCE North 89°59'22" East 1,980.00 feet along the quarter-section line; thence North 19°15'22" East 420.44 feet; thence North 39°36'11" East 286.87 feet; thence North 25°30'09" East 253.13 feet; thence North 43°09'10" West 18.49 feet; thence North 13°59'47" East 409.10 feet; thence North 06°13'06" West 355.00 feet; thence North 77°50'48" West 30.11 feet; thence North 25°33'48" West 179.49 feet; thence North 10°33'08" West 151.31 feet; thence North 01°00'47" East 428.37 feet; thence North 25°30'50" East 315.50 feet to a point on the north line of said Section 26; thence West 2,468.00 feet along said section line to the northwest corner of said Section 26; thence South 00°01' East 2,640.18 feet along the section line to the POINT OF BEGINNING, CONTAINING approximately 141 acres.
- Section 27: The north half of the northwest quarter; the southeast quarter of the northwest quarter; the northeast quarter; the north half of the southeast quarter; the southeast quarter of the southeast quarter.
- Section 28: The northeast quarter of the northeast quarter; the west half of the southwest quarter.
- Section 29: The south half; the south half of the northwest quarter; the northwest quarter of the northwest quarter.
- Section 32: The entire section.



- Section 33: The south half of the northwest quarter; the northwest quarter of the northwest quarter; the southwest quarter of the northeast quarter; Sectional Lots 1, 2, 3, and 4.
- Section 34: The northeast quarter; the southeast quarter of the northwest quarter; Sectional Lots 1, 2, 3, and 4.
- Section 35: The west half; the northwest quarter of the northeast quarter.

TOTALLING ROUGHLY 3500 ACRES.

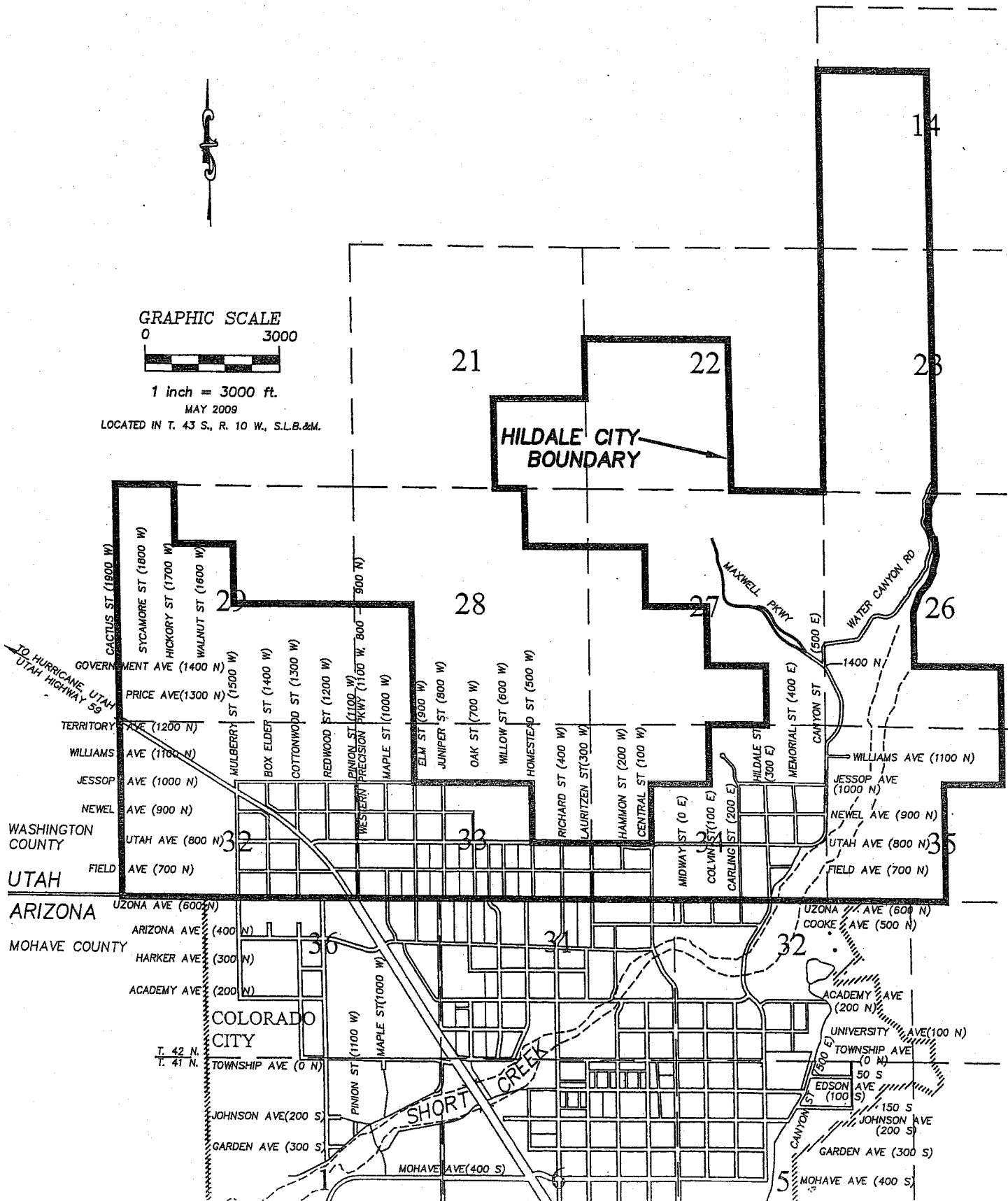
# HILDALE CITY, UTAH



1 inch = 3000 ft.

MAY 2009

LOCATED IN T. 43 S., R. 10 W., S.L.B.&M.



**CORPORATE LIMITS  
OF THE  
TOWN OF COLORADO CITY, ARIZONA**

May 22, 2009

**Description**

The following described parcels located in Township 41 North, Range 6 West, Gila and Salt River Base and Meridian:

- Section 4: The portion of the section west of the Cottonwood Point Wilderness Boundary.
- Section 5: The portion of the section west of the Cottonwood Point Wilderness Boundary.
- Section 6: The entire section.
- Section 7: The entire section.
- Section 8: The entire section.
- Section 9: The portion of the section west of the Cottonwood Point Wilderness Boundary.
- Section 17: The portion of Airport Avenue that passes through the section, described as follows (taken from the "Annexation Plat for Airport Avenue / Redwood Street," recorded May 6, 1999, at Reception No. 99-27238, Mohave County Records):  
Beginning at the northwest corner of said Section 17, thence S. 89°51'49" E. 1352.82 feet to a point on the north section line of said Section 17, said point is a point of cusp of a 543.00 foot radius curve concave to the northwest, the radius point of which bears N. 22°49'33" W., said point also being on the south right-of-way line of Airport Avenue; thence southwesterly along the arc of said curve and right-of-way through a central angle of 22°57'44" 217.62 feet to the point of tangency; thence N. 89°51'49" W. 1140.80 feet to a point on the west section line of said Section 17; thence northerly 43 feet to the point of beginning.
- Section 18: The north 43 feet.

The following described parcels located in Township 41 North, Range 7 West, Gila and Salt River Base and Meridian:

- Section 1: The entire section.
- Section 12: The entire section.
- Section 13: The west half; the west 43 feet of the east half; the north 43 feet of the east half.
- Section 14: The south half; the south half of the northwest quarter; the south half of the northeast quarter; the northeast quarter of the northeast quarter.

The following described parcels located in Township 42 North, Range 6 West, Gila and Salt River Base and Meridian:

- Section 31: The entire section.
- Section 32: The portion of the section west of the Cottonwood Point Wilderness Boundary.
- Section 33: The portion of the section west of the Cottonwood Point Wilderness Boundary.

The following described parcels located in Township 42 North, Range 7 West, Gila and Salt River Base and Meridian:

- Section 36: The entire section.

Description of the Cottonwood Point Wilderness Boundary through the said Sections 32, 33, 4, 5, 8 and 9 (as shown on the B.L.M. plats of "Dependent Resurvey and Metes-and-Bounds Survey of the Cottonwood Point Wilderness Boundary," dated April 29, 1997):

Beginning at Mile Post 60.19 on the Utah-Arizona state line; thence the following courses:

- S. 29°53' W. 211.20 feet;
- N. 85°16' W. 211.86 feet;
- S. 15°20' W. 458.70 feet;
- S. 32°31' E. 348.48 feet to the center-east sixteenth corner of said Section 32;
- S. 24°18' E. 234.30 feet;
- S. 34°48' E. 192.06 feet;
- S. 64°38' W. 227.70 feet;
- S. 40°25' W. 254.10 feet;
- S. 68°36' W. 176.88 feet;
- S. 00°03' E. 196.68 feet;
- N. 81°16' E. 333.96 feet;
- N. 75°11' E. 231.00 feet;
- N. 82°49' E. 331.32 feet;
- S. 06°39' E. 554.40 feet;
- S. 02°52' E. 275.88 feet;
- S. 56°08' E. 506.22 feet;
- S. 20°31' E. 262.02 feet;
- S. 76°23' E. 184.80 feet to the east line of said Section 32;
- S. 88°54' E. 465.30 feet;
- S. 00°39' W. 468.60 feet to the south line of said Section 33;
- S. 28°39' E. 442.20 feet;
- S. 28°22' W. 247.50 feet;
- S. 52°46' W. 134.64 feet;
- N. 61°18' W. 231.00 feet;
- N. 64°46' W. 263.34 feet to the west line of said Section 4;
- S. 71°24' W. 261.36 feet;

N. 88°54' W. 407.22 feet;  
 S. 22°30' W. 448.80 feet;  
 S. 67°26' W. 529.98 feet;  
 S. 00°34' E. 209.22 feet to the northeast sixteenth corner of said Section 5;  
 N. 89°41' W. 343.20 feet;  
 S. 41°19' W. 381.48 feet;  
 S. 56°44' W. 867.90 feet;  
 S. 00°22' E. 559.02 feet to the center quarter corner of said Section 5;  
 S. 00°22' E. 931.26 feet;  
 S. 23°51' E. 852.72 feet;  
 S. 46°08' E. 311.52 feet;  
 S. 65°03' E. 564.30 feet;  
 N. 47°24' E. 256.08 feet;  
 N. 69°42' E. 4.62 feet;  
 S. 80°39' E. 823.02 feet;  
 S. 01°10' E. 657.36 feet to the south line of said Section 5;  
 S. 50°47' E. 239.58 feet to the east line of said Section 8;  
 S. 16°40' E. 457.38 feet;  
 S. 13°06' E. 217.14 feet;  
 S. 21°15' W. 493.68 feet;  
 S. 19°10' E. 4.62 feet;  
 S. 32°52' E. 493.02 feet;  
 S. 23°47' W. 353.76 feet;  
 S. 10°04' W. 436.92 feet;  
 S. 11°10' E. 337.92 feet;  
 S. 53°26' E. 245.52 feet;  
 S. 08°04' W. 282.48 feet;  
 N. 80°30' W. 254.10 feet;  
 S. 69°17' W. 164.34 feet to the west line of said Section 9;  
 S. 59°28' W. 305.58 feet;  
 S. 21°12' W. 652.74 feet;  
 S. 14°22' E. 246.84 feet;  
 S. 73°39' E. 3.96 feet;  
 S. 05°19' E. 330.66 feet;  
 S. 28°15' E. 254.76 feet to the east line of said Section 8; and  
 S. 41°12' E. 75.90 feet to the south line of said Section 9.

TOTALLING ROUGHLY 5700 ACRES.

TOWN OF COLORADO CITY, ARIZONA

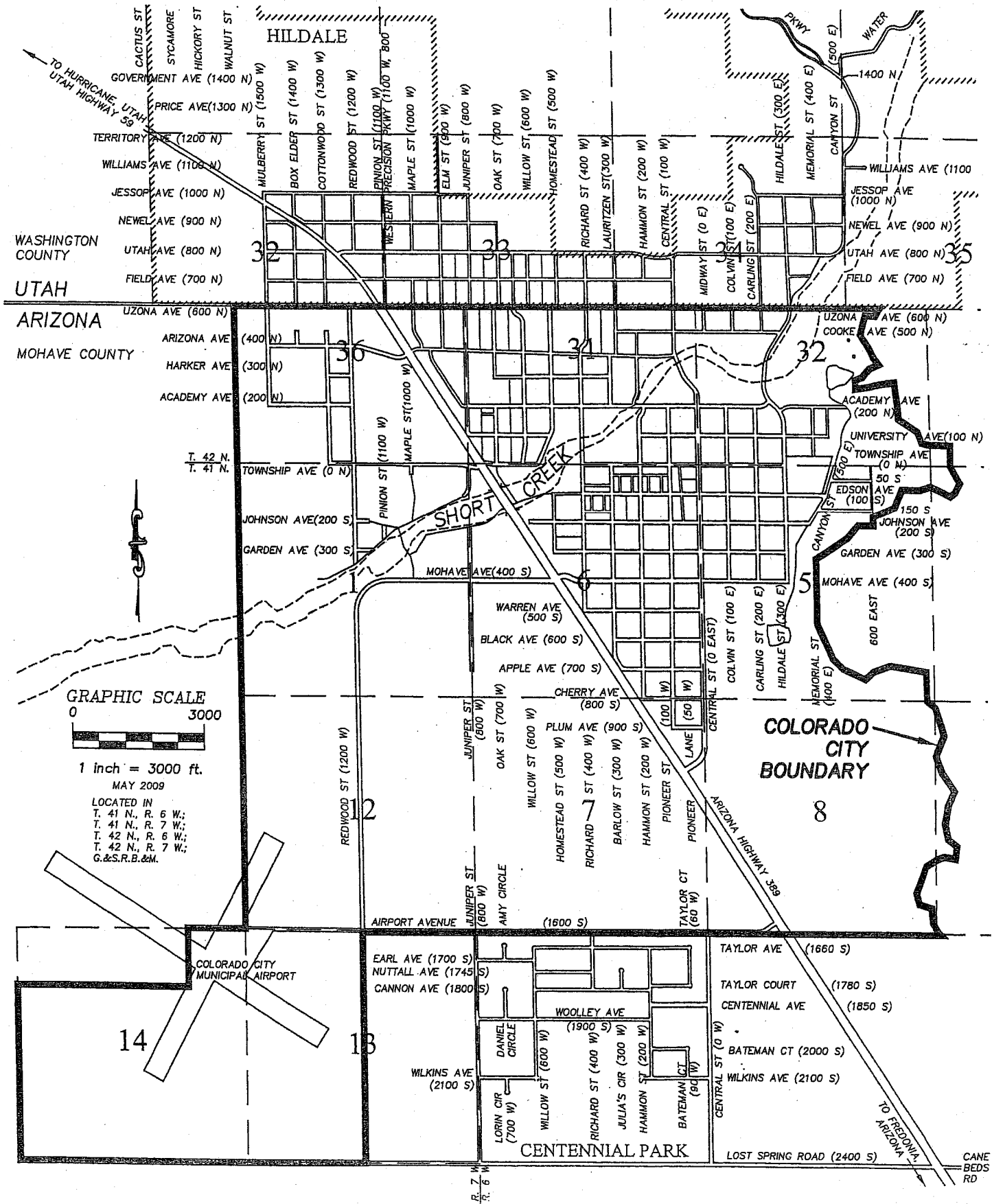


EXHIBIT "B"

TO THE

AGREEMENT FOR PURCHASE AND SALE

OF MUNICIPAL ELECTRICITY DISTRIBUTION SYSTEMS

69 kV RIGHT-OF-WAY

**EXHIBIT B**  
to Purchase and Sales Agreement

Parcel No. Assigned	Grantor	Grantee	Hildale Easement Number	Type of Easement
Parcel A			N/A	Fee simple property
Parcel 1	Stanworth DeMille and Stout Living Trust	Hildale Town Corporation, successors and assigns	18A-GP	As to power facilities only (Gas easement being retained)
Parcel 1A	Stanworth DeMille and Stout Living Trust	Hildale Town Corporation, successors and assigns	18B-GP	As to power facilities only (Gas easement being retained)
Parcel 1B	Stanworth DeMille and Stout Living Trust	Hildale City Corporation, successors and assigns	18R-GP	As to power facilities only (Gas easement being retained)
Parcel 2	Southwestern Investment Corporation and Russell Limb	Hildale Town Corporation, successors and assigns, runs with the land as covenant and can be assigned	10A-P	Perpetual – power facilities
Parcel 2A	Russell Limb	Hildale Town Corporation, successors and assigns	10-P	Perpetual – power facilities
Parcel 3	Mission Health Services	Hildale Town Corporation, successors and assigns	14-G	Perpetual – power facilities
Parcel 3A	Mission Health Services	Michael R. Hill, successors and assigns	14-S Corrected	Perpetual – power facilities
Parcel 3B	Mission Health Services	Hildale Town Corporation, successors and assigns	14-P Corrected	Perpetual – power facilities
Parcel 4	Hurricane City	Hildale Town Corporation	11-P	As to power facilities only
Parcel 5	Kreider	Hildale Town Corporation, successors and assigns	10B-P	Perpetual – power facilities – NO poles or anchors along west property line
Parcel 6	James Allen Ballard	Hildale Town Corporation, successors and assigns	9-P	Perpetual – power facilities
Parcel 7	LeBaron and LeBaron Trust	Hildale Town Corporation successors and assigns runs with the land as covenant and can be assigned	9C-P	Perpetual – power facilities
Parcel 7A	Larry Jaussi and Ila Dawn Jaussi	Hildale Town Corporation, successors and assigns runs with the land as covenant and can be assigned	9D-P	Perpetual – power facilities



Parcel 8	Evelyn May Stock	Hildale Town Corporation, successors and assigns runs with the land as covenant and can be assigned	9B-P	Perpetual – power facilities
Parcel 9	Falcon Telecable	Hildale Town Corporation, successors and assigns	6-P	Perpetual – power facilities
Parcel 9A	Falcon Telecable	Hildale Town Corporation, successors and assigns	6A-P	Perpetual – power facilities in exchange for “free use of attaching wires”
Parcel 10	Riley	Hildale Town Corporation, successors and assigns	6A-P	Perpetual – power facilities
Parcel 10A	Willis Hall and Willis Hall	Hildale Town Corporation, successors and assigns	6B-P	Perpetual – power facilities
Parcel 11	Sheldon and Marianne Stock	Hildale Town Corporation, successors and assigns	5-P	Perpetual – power facilities
Parcel 12	Sheldon and Marianne Stock	Hildale Town Corporation, successors and assigns	5A-P	Perpetual – power facilities
Parcel 13	Alvin V. and Elois L. Isaksen	Hildale Town Corporation, successors and assigns	15-P	Perpetual – power facilities
Parcel 13A	Isaksen Family Trust	Hildale Town Corporation, successors and assigns	15-P	Perpetual – power facilities
Parcel 14	Wayne Kent Wilson	Hildale Town, successors and assigns	16-P	Perpetual – power facilities
Parcel 14A	Wilson and Hill	Hildale Town Corporation, successors and assigns	16R-P	Perpetual – power facilities
Parcel 14B	Wayne Kent Wilson, Van Dyne Wilson and Michael R. Hill	Hildale Town Corporation, successors and assigns	16R-G	Perpetual – not specific
Parcel 15	Blanch C. Wright	Hildale Town Corporation, successors and assigns	17-P	Perpetual – power facilities
Parcel 16	Hurricane City	Hildale Town Corporation, successors and assigns	1D-P	perpetual - power facilities
Parcel 16A	Town of Hurricane	Hildale Town Corporation, successors and assigns	1F-P	Perpetual – power facilities
Parcel 16B	Hurricane City	Hildale Town Corporation	1H-P	Perpetual - power facilities
Parcel 16C	Hurricane City	Hildale Town Corporation	1HA-P	Perpetual -power facilities
Parcel 17	Hurricane City	Hildale Town Corporation	1B-P	Perpetual – power facilities
Parcel 17B	City of Hurricane	Hildale Town Corporation	N/A	Perpetual – power facilities
Parcel 18	Hurricane City	Hildale Town Corporation, successors and assigns	1E-P	Perpetual – power facilities
Parcel 19	Lowe and Lowe Trusts	Hildale Town Corporation, successors and assigns, runs with the land	3A-P	Perpetual – power facilities
Parcel 20	Hurricane City	Hildale Town Corporation	1G-P	Perpetual - power facilities

Parcel 21	Richard L. Holm	Hildale Town Corporation, successors and assigns	40-P	Perpetual – power facilities
Parcel 21A	United Effort Plan	Hildale Town Corporation, successors and assigns	41-P	Perpetual – power facilities
Parcel 22	Gubler Family Trust	Hildale Town Corporation, successors and assigns	29-P	Perpetual – power facilities
Parcel 23	Jepson, Lee et al	Hildale Town Corporation, successors and assigns	28-P	Perpetual – power facilities
Parcel 24	Hirschi Family Trust	Hildale Town Corporation, successors and assigns	30-P	Perpetual – power facilities
Parcel 25	Donavon L. Cooke	Hildale Town Corporation, successors and assigns	34-P	Perpetual – power facilities
Parcel 25A	Eves dba T & G Investment	Hildale Town Corporation, successors and assigns	31-P	Perpetual – power facilities
Parcel 25B	T. S. Rainbow Inc.	Hildale Town Corporation, successors and assigns	33-P	Perpetual – power facilities
Parcel 25C	R & R Partnership	Hildale Town Corporation, successors and assigns	32-P	Perpetual – power facilities
Parcel 26	Harold J. Black	Hildale Town Corporation, successors and assigns	36-P	Perpetual – power facilities
Parcel 26A	City of Hildale v. Grant Dennis Beatty, <u>KBGD, Inc.</u> , et al, Case No. 950500865	City of Hildale		Final Judgment of Condemnation
Parcel 26B		Matt Jessop Property and George Jessop Property		Order of Immediate Occupancy
Parcel 27	Grant Dennis Beatty, et al	City of Hildale		Order of Immediate Occupancy
Parcel 27A		West		Order of Immediate Occupancy
Parcel 28	David Esplin and Company	Hildale Town Corporation, successors and assigns	39-P	Perpetual – power facilities
Parcels 29 and 29A	Gubler and Gubler Trust	Hildale Town Corporation, successors and assigns	27-P	Perpetual – power facilities
Parcel 30	Corinne Graff-Krenn	Hildale Town Corporation, successors and assigns	26B-P	Perpetual – power facilities
Parcel 31	Shirl R. and Beth Graff Trust	Hildale Town Corporation, successors and assigns, runs with the land	26A-P	Perpetual – no purpose stated (conveying to Buyer only those rights pertaining to a perpetual easement for power facilities)

Parcel 31A	Shoughro, Balelo, H&GG Properties Co, Bradshaw	Hildale Town Corporation, successors and assigns	26C-P	Perpetual – power facilities
Parcel 32	Wilkey and Yamagata	Hildale Town Corporation, successors and assigns	21-P	Perpetual – power facilities
Parcel 33	Darwin and Dorthy S. Ballard	Hildale Town Corporation, successors and assigns	22A-P	Perpetual – power facilities
Parcel 33A	Darwin and Dorthy S. Ballard	Hildale Town Corporation, successors and assigns	22B-P	Perpetual – power facilities
Parcel 33B	Darwin and Dorthy S. Ballard	Hildale Town Corporation, successors and assigns	22G	Perpetual - Buried wire between gas pipeline, anode bed
Parcel 34	DeMille Turf Farm Trust	Hildale Town Corporation, successors and assigns	23-P	Perpetual – power facilities
Parcel 35	Leon M. Hall and Stephanie Susan Hall	Hildale Town Corporation, successors and assigns – fully binding on heirs and assigns of both parties	25-P	Perpetual – power facilities – single pole power line and no other use
Parcel 35A	Donna K. Adams	Hildale Town Corporation, successors and assigns	24-P	Perpetual – power facilities
Parcel 36	Johnson Family Trust	Hildale Town Corporation, successors and assigns runs with the land as covenant and can be assigned	8B-P	Perpetual – power facilities
Parcel 37	Jensen, Hoggan	Hildale Town Corporation, successors and assigns	5B-P	Perpetual – power facilities
Parcel 38	Maxwell, Matthews and Herrera	Hildale Town Corporation	9E-P	Perpetual – power facilities
Parcel 39	Donna Nevin	Hildale Town Corporation, successors and assigns	8-P	Perpetual – power facilities “no power polls” wires only overhead
Parcel 40	Maxine Limb	Hildale Town Corporation	13-P	Perpetual – power facilities
H-4	United Effort Plan Trust (UEP)	City of Hildale	H-4	Perpetual – existing power lines as of April 1, 1994 and prescriptive easements
Parcel 41	Lorraine & J.D. Sherman	Hildale Town Corporation, successors and assigns	35-P	Perpetual – power facilities
SITLA	Hildale City	Garkane	Easement 285-A	Assignments of surface contracts
BLM	Hildale City	Garkane	UTU-72798	Right-of-way Relinquishment
	Hurricane City	Hildale Town Corporation, successors and assigns	1C-P	Perpetual – power facilities in City streets

EXHIBIT "C"

TO THE

AGREEMENT FOR PURCHASE AND SALE

OF MUNICIPAL ELECTRICITY DISTRIBUTION SYSTEMS

INVENTORY OF PURCHASED ASSETS

## PURCHASED ASSETS

1. Garkane will purchase the electric transmission, substation, and distribution system assets on the closing date, consisting of the following items:
  - a. 69 kV Transmission Line: Facilities include all easements, poles, wire, structures, insulators, and hardware from the interconnect point at the Clifton Wilson Substation in Hurricane to the Twin Cities Substation, as an operating unit.
  - b. Twin Cities Substation: Facilities include structures within the substation property, step down transformers, regulators, current transformers, voltage transformers, fault relays, circuit breakers, insulators, arrestors, wire, busses, switches, grounding and hardware, connected with the substation yard, as an operating unit, with the exception of the generators, the generator stepup transformers and the associated lowside wiring from the transformer to the generator building located inside the substation yard.
  - c. Twin Cities 12 kV Switchyard: Facilities include structures within the switchyard, step down transformer, voltage transformers, reclosers with relays, insulators, arrestors, wire, busses, switches, capacitors, grounding and hardware, connected with the switchyard, as an operating unit.
  - d. Land: The Real Property that includes portions of LOTS 5, 6, AND 11 OF "Hildale Industrial Park," located near 770 North 1400 West, Hildale, UT, underlying the substation, switchyard, generation building, storage yard (excluding utility parcels and easements) as described on the attached Exhibit "A".
  - e. The stick built control "building" located inside the metal generator building and the metal generator building.
  - f. The existing 24 and 48 volt DC systems used with the controls and relays associated with the substation and switchyard.
  - g. The existing substation/switchyard metering and protective equipment located within the generation building.
  - h. Electrical Distribution System: Includes easements held by prescription and/or recorded documents, structures, poles, lines, cables, conductors, wire, conduits, insulators, arrestors, hardware, transformers, capacitors, switches, fuses, guy wire and structures, sectionalizers, reclosers, pedestals, meters and metering equipment, street lights, primary and secondary voltage equipment installed overhead or underground within the municipal boundaries of the Twin Cities, as an operating unit, as described in Exhibit "B".
  - i. The obsolete L&G Prepaid Metering System has been removed from the system and is excluded.

- j. Storage Van Trailers: 3 government surplus van trailers approximately 8 x 8 x 40 foot located in the storage yard.
  - k. All materials, supplies, spares, meters and metering supplies in stock located within the storage yard as listed in Exhibit "C".
  - l. One Dodge service truck year 2001, vehicle identification number 3B6MF36651M275315 as is, with associated tools including Fluke volt/amp meter, Dynatel locator with fault frame, spiral stripper, peeler, 3000 watt power inverter, electric air compressor, battery operated crimper, right angle grinder, Cadillac blower, grounding jumpers, strap come-a-long, chain hoist, pipe wrenches, Kellumns grips, hot stick, elbow puller, shot gun, and materials, less individual personal hand tools. All tools and equipment in an "as is" condition.
2. These assets are referred to as the "Purchased Assets". All Purchased Assets are free and clear of all liens and encumbrances, and are being sold in their "AS IS" condition. No other assets of Hildale or Colorado City are being sold or transferred to Garkane.

Exhibit A

## EXHIBIT "A"

PORTIONS OF LOTS 5, 6 AND 11 of "Hildale Industrial Park," as shown on that plat with Recorded No. 578818 in Book 1138 at Page 871, as filed in the office of the Washington County Recorder on October 6, 1997, located in Section 32, Township 43 South, Range 10 West, Salt Lake Base and Meridian, having a basis of bearings of N.89°53'44"E. between the 1975 Washington County brass cap at the west quarter corner of said Section 32 and the 1994 B.L.M. aluminum cap at the east quarter corner of the said Section 32, and described as follows:

THAT PORTION OF LOT 5 described as follows: Commencing at the said east quarter corner of Section 32; thence S.89°53'44"W. 1356.31 feet along the quarter section line and S.0°06'16"E. 43.00 feet to the northeast corner of Lot 5 and the TRUE POINT OF BEGINNING; thence S.0°06'16"E. 285.79 feet along the east boundary of Lot 5; thence S.89°53'44"W. 34.77 feet along the south boundary of Lot 5; thence jogging around an area of walled enclosures the following three courses: N.0°06'16"W. 10.27 feet, S.89°53'44"W. 76.73 feet, and S.0°06'16"E. 10.27 feet; thence S.89°53'44"W. 185.51 feet along the said south boundary; thence N.0°06'16"W. 285.79 feet along the west boundary of Lot 5; thence N.89°53'44"E. 297.00 feet along the north boundary of Lot 5 to the point of beginning, containing 1.93 acres.

THAT PORTION OF LOT 6 described as follows: Commencing at the said east quarter corner of Section 32; thence S.89°53'44"W. 1653.31 feet along the quarter section line and S.0°06'16"E. 43.00 feet to the northeast corner of Lot 6 and the TRUE POINT OF BEGINNING; thence S.0°06'16"E. 285.79 feet along the east boundary of Lot 6; thence S.89°53'44"W. 92.87 feet along the south boundary of Lot 6; thence jogging around an area of a water loading station the following three courses: N.0°06'16"W. 21.32 feet, S.89°53'44"W. 81.65 feet to Point A, and S.0°06'16"E. 21.32 feet; thence S.89°53'44"W. 122.48 feet along the said south boundary; thence N.0°06'16"W. 35.45 feet along the west boundary of Lot 6 to Point B; thence jogging around an area of a well house the following four courses: N.89°53'44"E. 40.94 feet to Point C, N.0°06'16"W. 50.24 feet to Point D, N.41°31'06"W. 12.52 feet, and S.89°53'44"W. 32.65 feet; thence N.0°06'16"W. 104.17 feet along the said west boundary; thence jogging around an area of a gas yard the following two courses: N.89°53'44"E. 68.69 feet and N.0°06'16"W. 86.54 feet; thence N.89°53'44"E. 228.31 feet along the north boundary of Lot 6 to the point of beginning, containing 1.72 acres.



Together with an easement for electrical lines, covering the said area of a gas yard, the said area extending from the said portion of Lot 6 to the platted boundary of Lot 6.

Together with an easement for buried electrical ground grid, covering the said area of a well house, the said area extending from the said portion of Lot 6 to the platted boundary of Lot 6.

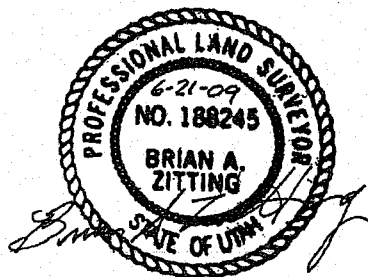
Together with an easement for utilities, 15 feet wide, adjoining and extending north of the line between the said Points B and C and extending from the street right of way to the line between the said Points C and D;

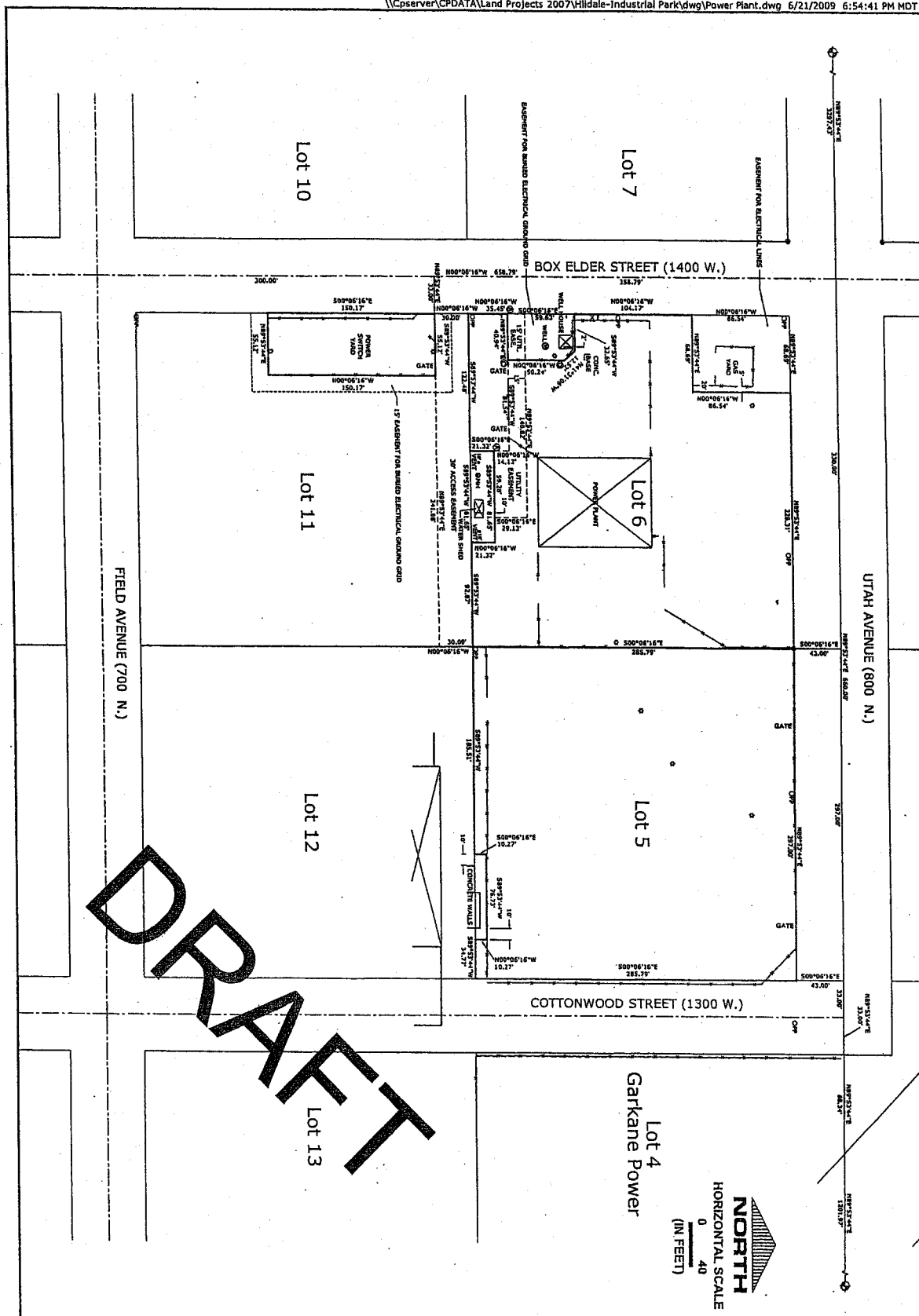
Reserving an easement for utilities, beginning at the said Point A and thence the following six courses: N.0°06'16"W. 14.13 feet, S.89°53'44"W. 81.54 feet to the said Point C, N.0°06'16"W. 15.00 feet, N.89°53'44"E. 140.82 feet, S.0°06'16"E. 29.13 feet, and S.89°53'44"W. 59.28 feet to the point of beginning.

THAT PORTION OF LOT 11 described as follows: Commencing at the said east quarter corner of Section 32; thence S.89°53'44"W. 1983.31 feet along the quarter section line and S.0°06'16"E. 358.79 feet and N.89°53'44"E. 33.00 feet to a point on the west boundary of Lot 11, which point is S.0°06'16"E. 30.00 feet from the northwest corner of Lot 11 and which point is the TRUE POINT OF BEGINNING; thence N.89°53'44"E. 55.12 feet; thence S.0°06'16"E. 150.17 feet; thence S.89°53'44"W. 55.12 feet; thence N.0°06'16"W. 150.17 feet along the said west boundary to the point of beginning, containing 0.19 acres.

Together with a non-exclusive right of access across the northerly 30 feet of Lot 11, which 30 feet adjoins both the said portion of Lot 6 and the said portion of Lot 11 and is to also be used as a public alley way.

Together with an easement for buried electrical ground grid, adjoining and extending 15 feet outward from the said portion of Lot 11 along the north, east and south sides.





12

**DRAFT**

Lot 13


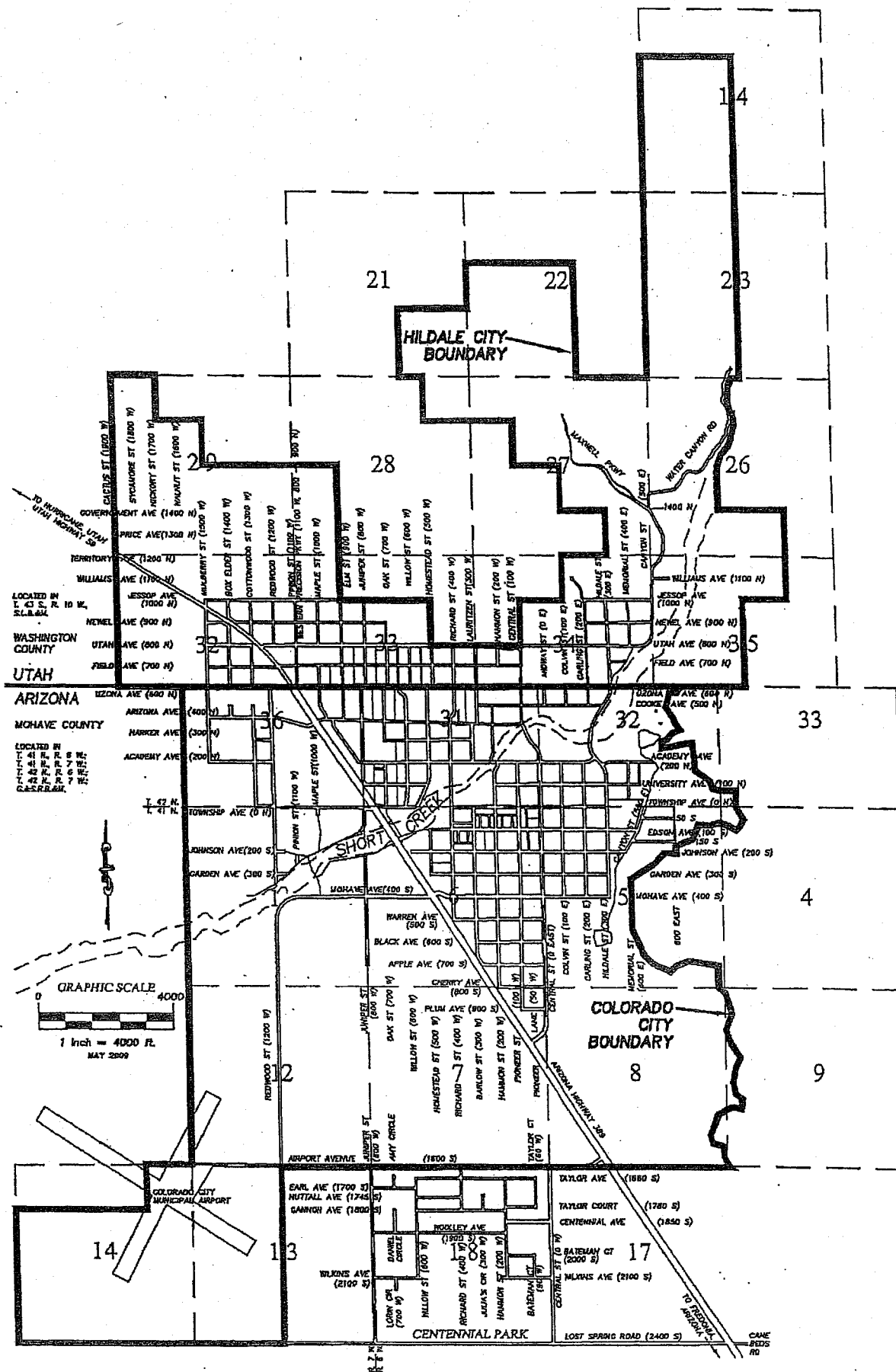
SHEET NO. 1 OF 1	DATE: 4-21-09	PROJ. NO.: P06091  <b>RECORD OF SURVEY</b>	<b>POWER PLANT</b>  Prepared For: <b>TWIN CITY POWER AUTHORITY</b>					CANAAN 415 N. State St. #201 PEAKS Hurricane, UT 84737  Telephone: 435-635-8015 Fax: 435-635-8018
				1	6-21-09	EASEMENTS	BAZ	
				1	6-10-09	EASEMENTS	BAZ	
				No.	Date	Remarks/Revisions	By	

Exhibit B



**CORPORATE LIMITS  
OF THE  
TOWN OF COLORADO CITY, ARIZONA**

May 22, 2009

**Description**

The following described parcels located in Township 41 North, Range 6 West, Gila and Salt River Base and Meridian:

- Section 4: The portion of the section west of the Cottonwood Point Wilderness Boundary.
- Section 5: The portion of the section west of the Cottonwood Point Wilderness Boundary.
- Section 6: The entire section.
- Section 7: The entire section.
- Section 8: The entire section.
- Section 9: The portion of the section west of the Cottonwood Point Wilderness Boundary.
- Section 17: The portion of Airport Avenue that passes through the section, described as follows (taken from the "Annexation Plat for Airport Avenue / Redwood Street," recorded May 6, 1999, at Reception No. 99-27238, Mohave County Records):  
Beginning at the northwest corner of said Section 17, thence S. 89°51'49" E. 1352.82 feet to a point on the north section line of said Section 17, said point is a point of cusp of a 543.00 foot radius curve concave to the northwest, the radius point of which bears N. 22°49'33" W., said point also being on the south right-of-way line of Airport Avenue; thence southwesterly along the arc of said curve and right-of-way through a central angle of 22°57'44" 217.62 feet to the point of tangency; thence N. 89°51'49" W. 1140.80 feet to a point on the west section line of said Section 17; thence northerly 43 feet to the point of beginning.
- Section 18: The north 43 feet.

The following described parcels located in Township 41 North, Range 7 West, Gila and Salt River Base and Meridian:

- Section 1: The entire section.
- Section 12: The entire section.
- Section 13: The west half; the west 43 feet of the east half; the north 43 feet of the east half.
- Section 14: The south half; the south half of the northwest quarter; the south half of the northeast quarter; the northeast quarter of the northeast quarter.

The following described parcels located in Township 42 North, Range 6 West, Gila and Salt River Base and Meridian:

- Section 31: The entire section.
- Section 32: The portion of the section west of the Cottonwood Point Wilderness Boundary.
- Section 33: The portion of the section west of the Cottonwood Point Wilderness Boundary.

The following described parcels located in Township 42 North, Range 7 West, Gila and Salt River Base and Meridian:

- Section 36: The entire section.

Description of the Cottonwood Point Wilderness Boundary through the said Sections 32, 33, 4, 5, 8 and 9 (as shown on the B.L.M. plats of "Dependent Resurvey and Metes-and-Bounds Survey of the Cottonwood Point Wilderness Boundary," dated April 29, 1997):

Beginning at Mile Post 60.19 on the Utah-Arizona state line; thence the following courses:

- S. 29°53' W. 211.20 feet;
- N. 85°16' W. 211.86 feet;
- S. 15°20' W. 458.70 feet;
- S. 32°31' E. 348.48 feet to the center-east sixteenth corner of said Section 32;
- S. 24°18' E. 234.30 feet;
- S. 34°48' E. 192.06 feet;
- S. 64°38' W. 227.70 feet;
- S. 40°25' W. 254.10 feet;
- S. 68°36' W. 176.88 feet;
- S. 00°03' E. 196.68 feet;
- N. 81°16' E. 333.96 feet;
- N. 75°11' E. 231.00 feet;
- N. 82°49' E. 331.32 feet;
- S. 06°39' E. 554.40 feet;
- S. 02°52' E. 275.88 feet;
- S. 56°08' E. 506.22 feet;
- S. 20°31' E. 262.02 feet;
- S. 76°23' E. 184.80 feet to the east line of said Section 32;
- S. 88°54' E. 465.30 feet;
- S. 00°39' W. 468.60 feet to the south line of said Section 33;
- S. 28°39' E. 442.20 feet;
- S. 28°22' W. 247.50 feet;
- S. 52°46' W. 134.64 feet;
- N. 61°18' W. 231.00 feet;
- N. 64°46' W. 263.34 feet to the west line of said Section 4;
- S. 71°24' W. 261.36 feet;

N. 88°54' W. 407.22 feet;  
S. 22°30' W. 448.80 feet;  
S. 67°26' W. 529.98 feet;  
S. 00°34' E. 209.22 feet to the northeast sixteenth corner of said Section 5;  
N. 89°41' W. 343.20 feet;  
S. 41°19' W. 381.48 feet;  
S. 56°44' W. 867.90 feet;  
S. 00°22' E. 559.02 feet to the center quarter corner of said Section 5;  
S. 00°22' E. 931.26 feet;  
S. 23°51' E. 852.72 feet;  
S. 46°08' E. 311.52 feet;  
S. 65°03' E. 564.30 feet;  
N. 47°24' E. 256.08 feet;  
N. 69°42' E. 4.62 feet;  
S. 80°39' E. 823.02 feet;  
S. 01°10' E. 657.36 feet to the south line of said Section 5;  
S. 50°47' E. 239.58 feet to the east line of said Section 8;  
S. 16°40' E. 457.38 feet;  
S. 13°06' E. 217.14 feet;  
S. 21°15' W. 493.68 feet;  
S. 19°10' E. 4.62 feet;  
S. 32°52' E. 493.02 feet;  
S. 23°47' W. 353.76 feet;  
S. 10°04' W. 436.92 feet;  
S. 11°10' E. 337.92 feet;  
S. 53°26' E. 245.52 feet;  
S. 08°04' W. 282.48 feet;  
N. 80°30' W. 254.10 feet;  
S. 69°17' W. 164.34 feet to the west line of said Section 9;  
S. 59°28' W. 305.58 feet;  
S. 21°12' W. 652.74 feet;  
S. 14°22' E. 246.84 feet;  
S. 73°39' E. 3.96 feet;  
S. 05°19' E. 330.66 feet;  
S. 28°15' E. 254.76 feet to the east line of said Section 8; and  
S. 41°12' E. 75.90 feet to the south line of said Section 9.

TOTALLING ROUGHLY 5700 ACRES.

**CORPORATE LIMITS  
OF THE  
CITY OF HILDALE, UTAH**

May 22, 2009

**Description**

The following described parcels located in Township 43 South, Range 10 West, Salt Lake Base and Meridian:

- Section 14: The southwest quarter; the south half of the northwest quarter.
- Section 21: The southeast quarter of the southeast quarter; the east half of the southwest quarter of the southeast quarter; the south half of the northeast quarter of the southeast quarter; the southeast quarter of the northwest quarter of the southeast quarter.
- Section 22: The southwest quarter; the west half of the west half of the southeast quarter; the southwest quarter of the southwest quarter of the northeast quarter; the south half of the south half of the northwest quarter.
- Section 23: The west half.
- Section 26: The southwest quarter of the southeast quarter; The southeast quarter of the southwest quarter; The southwest quarter of the southwest quarter; The northwest quarter of the southwest quarter; The west half of the northeast quarter of the southwest quarter; ALSO: Beginning at the west quarter corner of Section 26, THENCE North 89°59'22" East 1,980.00 feet along the quarter-section line; thence North 19°15'22" East 420.44 feet; thence North 39°36'11" East 286.87 feet; thence North 25°30'09" East 253.13 feet; thence North 43°09'10" West 18.49 feet; thence North 13°59'47" East 409.10 feet; thence North 06°13'06" West 355.00 feet; thence North 77°50'48" West 30.11 feet; thence North 25°33'48" West 179.49 feet; thence North 10°33'08" West 151.31 feet; thence North 01°00'47" East 428.37 feet; thence North 25°30'50" East 315.50 feet to a point on the north line of said Section 26; thence West 2,468.00 feet along said section line to the northwest corner of said Section 26; thence South 00°01' East 2,640.18 feet along the section line to the POINT OF BEGINNING, CONTAINING approximately 141 acres.
- Section 27: The north half of the northwest quarter; the southeast quarter of the northwest quarter; the northeast quarter; the north half of the southeast quarter; the southeast quarter of the southeast quarter.
- Section 28: The northeast quarter of the northeast quarter; the west half of the southwest quarter.
- Section 29: The south half; the south half of the northwest quarter; the northwest quarter of the northwest quarter.
- Section 32: The entire section.



Section 33: The south half of the northwest quarter; the northwest quarter of the northwest quarter; the southwest quarter of the northeast quarter; Sectional Lots 1, 2, 3, and 4.

Section 34: The northeast quarter; the southeast quarter of the northwest quarter; Sectional Lots 1, 2, 3, and 4.

Section 35: The west half; the northwest quarter of the northeast quarter.

TOTALLING ROUGHLY 3500 ACRES.

Exhibit C

The attached list is an inventory taken on or about May 20, 2009. It is believed to be accurate but is subject to change based on counting errors and use of items in the ordinary course of business.

Twin City Power  
Inventory List  
May 20, 2009

Item	Item	Count
69KV	Bell Insulator Attachment	16
69KV	Static Wire Vibration Dampner	6
69KV	477 Tension Crimp Splice	0
69KV	3/4 Machine Bolt 3 inch	246
69KV	"U" Bracket	50
69KV	69-Static-Shoe-Straight	45
69KV	69-Static-Shoe-Angle	107
69KV	477-AutoSplice	5
69KV	477-Armor	0
69KV	477-Trunion	15
69KV	69-Post-Insulator	6
69KV	477-Vib-Damper	15
69KV	69-Bell-Insulator	45
69KV	69-FiberG-Arm	53
69KV	69-Fuse-Cutout	6
69KV	69-Guy-Attachment	15
69KV	69-Shoe	60
69KV	69-Angle Bell Attachment	6
69KV	69-Guy Roller Link	5
		0
Bolts	Bolt and Nut Bin Kit (large)	1
Bolts	Bolt and Nut Bin Kit (small)	2
Bolts	1"x16" J Bolts	85
Bolts	CariageBolt-3/8	23
Bolts	CariageBolt-1/2	368
Bolts	DbiCoilWasher-1/2	0
Bolts	DbiCoilWasher-5/8	465
Bolts	Washer-1/2	529
Bolts	Washer-5/8	0
Bolts	Washer-3/4	250
Bolts	5/8" Square Flat Washers	586
Bolts	5/8" Curve Flat Washers	127
Bolts	5/8" Large Curve Washer	97
Bolts	LrgeCrvWasher-3/4	101
Bolts	EyeBolt-5/8	133
Bolts	EyeNut-5/8	133
Bolts	DoubleArmingBolt-5/8	174
Bolts	DoubleArmingBolt-3/4	0
Bolts	Lag	50
Bolts	LockNut-3/8	0
Bolts	LockNut-5/8	0
Bolts	MachineBolt-1/2	539
Bolts	MachineBolt-3/4	128
Bolts	MachineBolt-5/8	688
Bolts	Small Shackle (NPS)	0
Bolts	Shackle-1/2	41

Bolts	SqNut-5/8	0
Bolts	ThimbleEye-5/8	23
Bolts	ThimbleEyeNut-5/8	5
Bolts	UpsetBolt-5/8 (J8)	52
Bolts	Spring Washer-5/8	238
Bolts	Spring Washer-3/4	0
Brackets	3Ø-Xformer BKT	8
Brackets	C&A Bkt -UPL	2
Brackets	C&A FiberArm (single phase)	24
Brackets	C&A WoodArm	5
Brackets	C&A-3Ø	1
Brackets	C&A-3Ø Fiberglass Bracket	1
Brackets	Primary Termination	0
Brackets	Recloser-Bkt	3
Brackets	C&A AluSinglePhBrkt	1
Brackets	Single Insulator Fiber Arm	3
Conduit	Carflex Conduit-1	115
Conduit	1" 1 hole strap	0
Conduit	1" Carlon Fitting	0
Conduit	1" Chase Nipple	0
Conduit	3.5" CIC Homac Boot	8
Conduit	CIC-200-Seal	43
Conduit	CIC-150-Seal	25
Conduit	1/2" 1 hole EMT strap	0
Conduit	1/2" 2 hole EMT strap	0
Conduit	1/2" Blue Ent	104
Conduit	1-1/4 Locknut	1
Conduit	1-1/4 45 deg. Elbow	0
Conduit	Poly Tube-1	0
Conduit	Poly Tube-1.5	0
Conduit	Poly Tube Grey-2	3000
Conduit	Poly Tube Blk-2.5	3898
Conduit	Poly Tube Red-3	720
Conduit	3/4" Carflex Conduit	10
Conduit	1" Carflex Conduit	0
Conduit	3/8" Romex Connectors	0
Conduit	EMT 90-3.5	2
Conduit	3" EMT 45 deg elbow	0
Conduit	3.5" EMT 45 deg elbow	0
Conduit	3.5" EMT 90 deg elbow	3
Conduit	4" EMT 90 deg elbow	1
Conduit	ENT-1	218
Conduit	ENT-3/4	323
Conduit	Hub-2	0
Conduit	lmc-1	20
Conduit	lmc-1.25	0
Conduit	lmc-1.25	20
Conduit	lmc-2	38
Conduit	lmc-2.5	100
Conduit	lmc-3	68

Conduit	Imc-3.5	90
Conduit	Imc-4	30
Conduit	IMC-90-1/2"	50
Conduit	Imc-90-1.25	15
Conduit	Imc90-2 (Long Sweep)	18
Conduit	Imc90-2 (Short Sweep)	13
Conduit	Imc90-2.5	6
Conduit	Imc90-3	4
Conduit	Imc90-4	0
Conduit	PVC-LockNut-2	0
Conduit	Plastic Bushing-2	0
Conduit	PVC-1	0
Conduit	PVC-1.5	0
Conduit	PVC-1.25	210
Conduit	PVC-1.25-Cap	33
Conduit	PVC-1.5-Cap	97
Conduit	PVC-2	521
Conduit	PVC-2.5	1120
Conduit	PVC-2.5-Cap	51
Conduit	PVC-2-Cap	7
Conduit	PVC-3	190
Conduit	PVC-3-Cap	22
Conduit	PVC-4	26
Conduit	PVC-4-Cap	3
Conduit	PVC-5	100
Conduit	PVC-90-5	2
Conduit	PVC-5-Cap	1
Conduit	PVC90-1	7
Conduit	PVC90-1.25	5
Conduit	PVC90-2	0
Conduit	PVC45-2	3
Conduit	PVC90-2.5	55
Conduit	PVC90-2.5-Sweep	83
Conduit	PVC90-2-Sweep	39
Conduit	PVC90-3	15
Conduit	PVC90-3-Sweep	1
Conduit	PVC-3/4	80
Conduit	PVC90-3/4	20
Conduit	PVC90-4	2
Conduit	PVC45-4	4
Conduit	PVCCoupling-3/4	47
Conduit	PVCCoupling-1	61
Conduit	PVCCoupling-1.25	40
Conduit	PVCCoupling-1.5	3
Conduit	PVCCoupling-2	21
Conduit	2" PVC W/Rub.Liner Coup.	7
Conduit	PVCCoupling-2.5	4
Conduit	PVCCoupling-3	48
Conduit	3" PVC W/Rub.Liner Coup.	1
Conduit	PVCCoupling-3.5	45
Conduit	PVCCoupling-4	10
Conduit	4" PVC W/Rub.Liner Coup.	1

Conduit	PVCCoupling-5	1
Conduit	PVC-Female-Adpt-3/4	3
Conduit	PVC-Female-Adpt-1	6
Conduit	PVC-Female-Adpt-1.25	0
Conduit	PVC-Female-Adpt-1.5	1
Conduit	PVC-Female-Adpt-2	57
Conduit	PVC-Female-Adpt-2.5	0
Conduit	PVC-Female-Adpt-3	2
Conduit	PVC-Female-Adpt-3.5	10
Conduit	PVC-Female-Adpt-4	0
Conduit	PVC-Male-Adpt-.75	6
Conduit	PVC-Male-Adpt-1	21
Conduit	PVC-Male-Adpt-1.25	13
Conduit	PVC-Male-Adpt-1.5	3
Conduit	PVC-Male-Adpt-2	5
Conduit	PVC-Male-Adpt-2.5	5
Conduit	PVC-Male-Adpt-3	1
Conduit	PVC-Male-Adpt-4	1
Conduit	Split-PVC Cplg-2.5	10
Conduit	Split-Split-Cplg-2.5	10
Conduit	Split-H-90-2	0
Conduit	Split-V-90-2	3
Conduit	Split-V-90-3	0
Conduit	Split-V-90-4	0
Conduit	Split2	202
Conduit	Split2.5	90
Conduit	Split3	90
Conduit	Split4	20
Conduit	Split-H-90-2.5	0
Conduit	Split-PVC-Cplg-2	19
Conduit	Split-PVC-Cplg-3	9
Conduit	Split-PVC-Cplg-4	7
Conduit	Split-Split-Cplg-2	20
Conduit	Split-Split-Cplg-3	10
Conduit	Split-Split-Cplg-4	0
Conduit	1-1/4 Arnco Split Coupler	8
Conduit	SureLock Coupling-1.5	6
Conduit	SureLock Coupling-2	29
Conduit	SureLock Coupling-2.5	15
Conduit	SureLock Coupling-3	9
Conduit	StandOffBracket 4	3
Conduit	StandOffBracket 6	25
Conduit	Unistrt	12
Conduit	Unistrut-SpringNut	0
Conduit	Unistrt-Clamp-1/2	82
Conduit	Unistrt-Clamp-1.25	78
Conduit	Unistrt-Clamp-1.5	70
Conduit	Unistrt-Clamp-2	136
Conduit	Unistrt-Clamp-2.5	4
Conduit	Unistrt-Clamp-3	75
Conduit	Unistrut-Clamp-3.5	22
Conduit	Unistrt-Clamp-4	12

Conduit	Vinyl-Cap-1	35
Conduit	Vinyl-Cap-1.25	48
Conduit	Vinyl-Cap-1.5	44
Conduit	Vinyl-Cap-2	4
Conduit	Explosion Proof Fittings-0.5"	18
		0
Connectors	3" tube to 500 MCM conn.	0
Connectors	3/4" tube to 500 MCM conn.	3
Connector	350MCM Flood Splice	3
Connectors	4KV FAA Splice	10
Connectors	4PosTransLug	7
Connectors	Butt Splice-250 MCM Plus	28
Connectors	Butt Splice-4/0 Minus	271
Connectors	ComprssLugTrmnl	165
Connectors	Flood Splice	236
Connectors	Gel Wrap	26
Connectors	H Tap-WR419 Minus	361
Connectors	H Tap-WR775 Plus	137
Connector	H-Tap Plastic Cover	167
Connectors	Insulink	356
Connectors	Mini-Wedge	181
Connectors	Paralell Ubolt Connector	37
Connectors	Parallel Clamp 1 Bolt	277
Connectors	Parallel Clamp 2 Bolt	17
Connectors	Parallel Clamp 3 Bolt	13
Connectors	Set-screw butt splice	76
Connectors	SetScrew Lug	5
Connectors	SetScrew Lug Double	79
Connectors	Split Bolt	89
Connectors	Trans Plate	43
Connectors	WedgeConnctr (Red&Blue)	272
Connectors	WedgeConnctr (Yellow)	0
Connectors	WedgeConnctr Charge	459
Connectors	Wedge Plastic Cover	151
Connectors	Weld-on Busway	18
		0
Fuses	In-Line Sec. Fuse Boot	0
Fuses	15A Sec.Socket Type Fuse	12
Fuses	20 Amp InLine Fuse	24
Fuses	Bayonet	25
Fuses	In-Line Sec. Fuse Holder	0
Fuses	Primary Fuse	386
69KV	S&C Fuse Holder	6
69KV	S&C Fuse Refill	6
69KV	SM-5 Fuse Refill	3
69KV	65E TCC 153-1 SMD-1A	3
69KV	SMU-20 Fuse Refill	3
69KV	SM-4 Fuse Refill (school switch)	9
Grounding	Grnd. Con. Burial YGHP34C26	15
Grounding	Grnd. Con. Burial YGHP29C26	6
Grounding	CU Crimpet 1/0 Plus	0

Grounding	GroundRod-5/8	4
Grounding	2" Post to 1/0 CU	2
Grounding	2.5"post to 250 MCM CU	2
Grounding	2/0-#2 Grnd. Con. Burial YGHP29C2	23
Grounding	250-3/0 Grnd. Con. Burial YGHC29C29	24
Grounding	Cu Braid for Fence Gate	4
Grounding	CU Crimpets #2 Minus	403
Grounding	Cu Splt Blt Grnd Lug S. Yard	0
Grounding	CU X-Connect-Burial	20
Grounding	GroundRodClamp	66
Grounding	Small Sub. Grounding Lug	18
Grounding	SubLug2/0 KC26B1	14
Grounding	TankTapFargoSplitLug	17
Grounding	TankTapGroundLug	90
Grounding	TankTapFargoSplitLug(small)	47
Grounding	CU Fargo 1 bolt #8	33
Grounding	Large Substation Grounding Lug	18
		0
Guying	Anchor-Plate Large	8
Guying	Screw-Rod	2
Guying	Anchor-Plate DblScrew	5
Guying	Anchor-Plate Screw	1
Guying	Anchor-Plate Small	0
Guying	AutoGuy Deadend	46
Guying	CU Guy Anchor Rod	2
Guying	FiberGlsInsul-Link_____	17
Guying	GuyAnchorRod	4
Guying	GuyAttachRamHead	109
Guying	GuyDeadEndWrap-3/8	64
Guying	GuyInsulator-JonBall	5
Guying	GuySpliceAuto	37
Guying	GuySpliceCrimp	6
Guying	GuyWireClamp3Bolt	16
Guying	GuyWireGuard	16
Guying	GuyWireHS-3/8	765
Guying	GuyWrapPlate	14
Guying	J Hook	11
Guying	Sidewalk-Guy-Atchmnt	33
Guying	GuyAnchorRod2Eye	2
		0
Metering	Single Gang Metal Box	56
Metering	4" Metal Electrical Chase	2
Metering	B-Line 16x16x6 J box	5
Metering	Metal J Box Small (6x6)	4
Metering	Metal Enclosure	1
Metering	6" Metal Electrical Chase	2
Metering	Service Panel Hub	6
Metering	CT-Test-Switch-4-Pole	2
Metering	#10 MinusCrimpTerm	0
Metering	CT-800/5	3
Metering	CT-Bar-400/5	0
Metering	9s Meter Base W/ Switch	1



Metering	MeterPed-1Ø	3
Metering	Main-Breaker (150A or 200A)	6
Metering	15 Amp Brker 120V	4
Metering	15 Amp Brker 277V	2
Metering	1Ø-1CT-Form-3S	3
Metering	1Ø-200-Amp-Dmnd-Fm-2S (used)	60
Metering	1Ø-2CT-Form-4S	6
Metering	1Ø-320-Amp-Fm-2S	1
Metering	1Ø-200-Amp-Fm-12S	5
Metering	3Ø-200-Amp-Fm-16S	14
Metering	3Ø-320-Amp-Fm-16S	3
Metering	3Ø-3CT-0PT-Form-9S	22
Metering	5Jaw-MeterBase-Fm 3s	3
Metering	5Jaw-MeterBase-Fm 3s (socket only)	1
Metering	6Jaw MeterSocket-4S	1
Metering	7Jaw bypass MeterBase	3
Metering	9s 13-Jaw Mtr Base W/O SW	2
Metering	9s 13-Jaw Mtr Base (socket only)	1
Metering	CT-200/5 (Large Window)	4
Metering	CT-200/5 Small	4
Metering	CT-400/5 (Large Window)	6
Metering	CT-400/5 Small	0
Metering	CT-800/5 Small	0
Metering	CT-Bar-200/5	3
Metering	CT-Bar-800/5	3
Metering	Demand Seals	16
Metering	Fargo Locks for Enclosures	33
Metering	FM 5s 8-Jaw Meter Base	1
Metering	Lead Wire Seal	0
Metering	MD7 Metr Disc. Boot	10
Metering	Meter Base W/no Main Brekr	2
Metering	Meter Ring Seal	1125
Metering	Meter Socket Surge Arrestor	1
Metering	MeterBlank (Milbank)	0
Metering	Ekstrom Bladed Meter Cover	88
Metering	Ekstrom Meter Cover	93
Metering	Ekstrom No-Load Disc. Sleeve	1
Metering	MeterPed-1Ø-Double	12
Metering	Mylar Disconnect Boot	0
Metering	Neutral-Lug	11
Metering	Res-200-Amp-Fm2S U	0
Metering	Residential-200-Amp-Fm2S	0
Metering	S. Steel Meter Ring	66
Metering	Screw-Type Meter Ring	4
Metering	Solid Blade Meter Bypass	0
Metering	Wire Seal (Roto)	200
Metering	200A16CirMainPanel	1
Metering	Neutral Lug Pack	1
Metering	2-pole 100 Breaker (murray)	7
Metering	3 Ph 480v 30A Fuse Disc. Switch	1
Metering	3-pole 100A Breaker (murray)	1
Metering	2-pole 25A Breaker (murray)	1

Misc	Wall Anchor Kit	0
Misc	Marking Paint (All Colors)	0
Misc	Osmose Pole Wrap	1
Misc	Aqua Wrap Outer	0
Misc	Aqua Wrap Inner	1
Misc	4" Red Caution Tape	0
Misc	BrassLock	0
Misc	Cow Tags	0
Misc	CU Staples (by the pound)	50
Misc	HP Wipes (Canister)	1
Misc	Large Blue Wire Nuts	0
Misc	PVC Glue	0
Misc	S-1 HotstickWipe	0
Misc	Scotch Cote	0
Misc	TR-1CleaningWipe	16
Misc	W-1 Live Line Tool Wipe	0
Misc	Wire Nuts	0
Misc	Homac Wire Seal Cap45	25
Misc	Homac Wire Seal Cap55	25
Misc	Homac Wire Seal Cap65	25
Misc	Homac Wire Seal Cap85	25
Misc	Homac Wire Seal Cap95	22
Misc	Homac Wire Seal Cap105	39
Misc	Homac Wire Seal Cap130	25
Misc	Cop-R-Plastic Wd Wpreserv.	7.5
Misc	Osmose Blk Shield Wrap	5.5
Misc	Wood Plugs(per 100)	1
Misc	Aplic.Brush&Handle	1
Misc	Bag of stuff from NPS	1
		0
Ovrhd Dist.	HV Fault Indicator	0
Ovrhd Dist.	Raychem Bushing Cover	0
Ovrhd Dist.	Salis.H.V. Gry Hose Cover3/8"	37
Ovrhd Dist.	Salis.H.V. Gry Hose Cover5/8"	62
Ovrhd Dist.	100-KVAR Capacitor	1
Ovrhd Dist.	3" Aluminum Tube	220
Ovrhd Dist.	300A-SolidBlade	0
Ovrhd Dist.	480 V 2-Pole Arrestor	0
Ovrhd Dist.	600 V MOV Arrestors	0
Ovrhd Dist.	Alu. Pole-Mount Cap. Rack	1
Ovrhd Dist.	Alumaform Wire Support	33
Ovrhd Dist.	ArmorRod	6
Ovrhd Dist.	AutoSplic-ACSR	106
Ovrhd Dist.	Bell-Insulator	0
Ovrhd Dist.	Corner X-Arm Pins	29
Ovrhd Dist.	CutOut 200A	5
Ovrhd Dist.	Cutout100a	4
Ovrhd Dist.	CutoutLB100a	0
Ovrhd Dist.	CutoutLB200a	4
Ovrhd Dist.	Deadend Shoe	67
Ovrhd Dist.	Fargo Auto-Wedge Shoe	0

Ovrhd Dist.	Epox-Insulator	29
Ovrhd Dist.	HotLine-Clamp	18
Ovrhd Dist.	Hot-Line Clamp 2/0 +	50
Ovrhd Dist.	J6-Clevis	5
Ovrhd Dist.	K17-Insulated-SrvcClamp	19
Ovrhd Dist.	Large Dead-End Shoe	0
Ovrhd Dist.	Pin-Insulator	7
Ovrhd Dist.	Plastic-Gain	11
Ovrhd Dist.	PoleTopPin	133
Ovrhd Dist.	PostInsulatorStation	3
Ovrhd Dist.	PreformTieDe	116
Ovrhd Dist.	PreformTiePin	220
Ovrhd Dist.	PreformTieSpo	47
Ovrhd Dist.	#4 Wrap Splic ACSR	43
Ovrhd Dist.	1/0 Wrap Splic ACSR	54
Ovrhd Dist.	3/0 Wrap Splic ACSR	50
Ovrhd Dist.	477 MCM Wrap Splic ACSR	12
Ovrhd Dist.	Small Insulator Clevis	48
Ovrhd Dist.	Spool-Insulator	52
Ovrhd Dist.	Stick-Insulator	0
Ovrhd Dist.	Stirrup	47
Ovrhd Dist.	Stirrup-Super	53
Ovrhd Dist.	WedgeClamp	41
Ovrhd Dist.	XArmPin	78
Ovrhd Dist.	11/16"x2" Treated Wood Plug	0
Ovrhd Dist.	1/0 Amp Inline Switch	3
		0
Poles	XArm-Brc-Wood-Small	57
Poles	XArm-Brc-Wood-Large	26
Poles	XArm-8ft	3
Poles	Xarm-8ft (Used)	2
Poles	XArm-10ft	5
Poles	Aptong DE X-arm	2
Poles	35 ft-C4-Wood	10
Poles	55 ft-C2-Wood	2
Poles	30 ft-C4-Wood	3
Poles	30 ft-C4-Wood Used	5
Poles	35 ft-C4-Wood Used	5
Poles	40 ft-C4-Wood	8
Poles	40 ft-C4-Wood Used	3
Poles	45 ft-C4-Wood	9
Poles	45 ft-C4-Wood Used	1
Poles	90 ft-C2-Wood	2
Poles	70 ft-C2-Wood	1
Poles	60 ft -C2-Wood	1
		0
Street lights	HPS-400	0
Street lights	MH400 Lamp	30
Street lights	400 W HPS Balast Kit	1
Street lights	CobraHPS-250W	0
Street lights	Arm for Steel Pole	50
Street lights	In-Line Fuse Holder Boot	36

Street lights	In-Line Fuse Holder	18
Street lights	Buss Fuses	11
Street lights	Unitap Street Light Con.	0
Street lights	CobraHPS-100W	0
Street lights	CobraHPS-150W	1
Street lights	HPS-100W-Lamp	53
Street lights	HPS-150W-Lamp	10
Street lights	HPS-250-Lamp	19
Street lights	Light-Pole-Used	9
Street lights	MV-175W-Lamp	28
Street lights	MV-175w-YardLight	7
Street lights	PhotC-105-285V	6
Street lights	Pigtail Socket	29
Street lights	ScrewInBase5	0
Street lights	ScrewInBase8	1
Street lights	Starter	5
Street lights	StLiteArm-3ft	2
Street lights	StLiteArm-6ft	7
Street lights	HPS 100W Yard Light	2
Street lights	HPS 150W Yard Light	2
		0
Transformers	100 KVA Capacitor	0
Transformers	100-KvaPad	3
Transformers	100-KvaPotCSP	1
Transformers	10-KVA PotConv 240_V	15
Transformers	10-KvaPotCSP	14
Transformers	15-KVA PotConv 240 V	4
Transformers	15-KVA PotConv 277 V	1
Transformers	15-KvaPotCSP	25
Transformers	25-KvaPad	5
Transformers	25-KVA-PotConv 240 V	6
Transformers	25-KVA-PotConv 480 V	3
Transformers	25-KvaPotCSP	9
Transformers	37.5-KvaPadCSP	4
Transformers	37.5-KVA-PotConv 277 V	3
Transformers	37.5-KvaPotCSP	5
Transformers	3-KvaPotCSP	6
Transformers	50-KvaPotCSP	3
Transformers	75-KvaPotCSP	2
Transformers	75-KvaPotConv 277	3
Transformers	75-KvaPadCSP	1
Transformers	3ØPad 112.5 kva 208Y/120 v	2
Transformers	3ØPad 150 kva208y/120v	1
Transformers	3ØPad 300 kva 480Y/277v	2
Transformers	5 MVA GE Sub. Transformer	1
Transformers	5 MVA Kuhlman Sub. Trans	2
Transformers	50-KvaPotCSP	3
Transformers	50-KVA-PotConv 277V	3
Transformers	5-KvaPadCSP 480V	1
Transformers	5-KvaPotConv	1
Transformers	5-KvaPotCSP	8
Transformers	Salvage 5 KVA pot	3

Transformers	Salvage 10 KVA pot	3
Transformers	Salvage 15 KVA pot	4
Transformers	Salvage 25 KVA pad	3
Transformers	Salvage 25 KVA pot	5
Transformers	Salvage 37.5 KVA pad	1
Transformers	Salvage 37.5 KVA pot	1
Transformers	Salvage 50 KVA pad	1
Transformers	Salvage 50 KVA pot	1
Transformers	Trans. Vault Deep Pad	3
Transformers	Trans. Vault Shallow Pad	6
		0
Undgrd Dist.	1ØFiber-Sect-15Kv	5
Undgrd Dist.	3ØFiber-Sect-15Kv	2
Undgrd Dist.	1ØSectSleeve	1
Undgrd Dist.	1ØSteel-Sect-15Kv	1
Undgrd Dist.	3ØSectSleeve	2
Undgrd Dist.	3ØSteel-Sect-15Kv	2
Undgrd Dist.	7X7Conc.Pad Upwall	1
Undgrd Dist.	PencellBoxLarge	2
Undgrd Dist.	PencellBoxSmall	0
Undgrd Dist.	PencellDomeLid	3
Undgrd Dist.	500MCM-Support	0
Undgrd Dist.	Transformer-Well	3
Undgrd Dist.	Transformer-Well-Insrt	43
Undgrd Dist.	Pri-Elbow-End (CopperTop)	15
Undgrd Dist.	500 MCM PotHead (Rubber)	3
Undgrd Dist.	PotHead (Rubber)	20
Undgrd Dist.	MB-4 Cable Support	3
Undgrd Dist.	MB-3 Cable Support	4
Undgrd Dist.	10KvElbowArestor	7
Undgrd Dist.	10KvRiserArestor	12
Undgrd Dist.	175 V Arrestor	1
Undgrd Dist.	Intermediate Cls Arrestor	6
Undgrd Dist.	15Kv-Standoff-Plug	44
Undgrd Dist.	TX Feed Thru Bushing	2
Undgrd Dist.	6PosTransLug	52
Undgrd Dist.	ColdShrink	13
Undgrd Dist.	ColdShrink (lot from mercury)	47
Undgrd Dist.	FargoSpiral	156
Undgrd Dist.	Heat Shrink Caps	19
Undgrd Dist.	HeatShrink	105
Undgrd Dist.	PotHead Stinger	50
Undgrd Dist.	Pri-LoadBreakElbow	23
Undgrd Dist.	Primary-Cap	38
Undgrd Dist.	Primary-Junction	19
Undgrd Dist.	Pri-SpliceURD	36
Undgrd Dist.	PRMC-150-JBox	2
Undgrd Dist.	Squid	47
Undgrd Dist.	StandOffPlug	0
Undgrd Dist.	DblFeedThruStandoff	7
Undgrd Dist.	480V Arrestor 3PH	4
Undgrd Dist.	480V Arrestor 1PH	6

Undgrd Dist. Syscom 120/208V 3Ph Arrestor

		1
		0
Wire	#6-AlumTie	60
Wire	#4-AlumTie	100
Wire	4/0-CU	205
Wire	500MCM-CU	100
Wire	#2-Copper Bare	1130
Wire	#2-Copper -RHW	0
Wire	#2-Copper THHN	0
Wire	#4-Copper Bare	200
Wire	#4-Copper THHN	0
Wire	#6-CopperSol	40
Wire	#6-CopperStr	315
Wire	#6-Dup-ACSR	1955
Wire	3/0-Tri-ACSR	185
Wire	#2-Tri-ACSR	425
Wire	#4-ACSR-SS	5800
Wire	1/0-ACSR-SS	4950
Wire	15Kv-1/0-URD	2500
Wire	15Kv-4/0-URD	529
Wire	15Kv-500-URD	1208
Wire	#2-Tri-URD	570
Wire	2/0-Tri-URD	106
Wire	4/0-Tri-URD	0
Wire	350-Tri-URD	550
Wire	500-Tri-URD	212
Wire	500 MCM SS	830
Wire	#2-Quad-URD	832
Wire	4/0-Quad-URD	170
Wire	350-Quad-URD	733
Wire	CIC12 1/2"	1240
Wire	CIC-15Kv-1/0	1826
Wire	CIC-15Kv-4/0	2690
Wire	CIC-350-Tri	0
Wire	CIC-4/0-Tri	3400
Wire	Female Cord End	10
Wire	Male Cord End	4
Wire	12/2 Romex	450

EXHIBIT "D"

TO THE

AGREEMENT FOR PURCHASE AND SALE

OF MUNICIPAL ELECTRICITY DISTRIBUTION SYSTEMS

PURCHASED REAL PROPERTY

## EXHIBIT "A"

PORTIONS OF LOTS 5, 6 AND 11 of "Hildale Industrial Park," as shown on that plat with Recorded No. 578818 in Book 1138 at Page 871, as filed in the office of the Washington County Recorder on October 6, 1997, located in Section 32, Township 43 South, Range 10 West, Salt Lake Base and Meridian, having a basis of bearings of N.89°53'44"E. between the 1975 Washington County brass cap at the west quarter corner of said Section 32 and the 1994 B.L.M. aluminum cap at the east quarter corner of the said Section 32, and described as follows:

THAT PORTION OF LOT 5 described as follows: Commencing at the said east quarter corner of Section 32; thence S.89°53'44"W. 1356.31 feet along the quarter section line and S.0°06'16"E. 43.00 feet to the northeast corner of Lot 5 and the TRUE POINT OF BEGINNING; thence S.0°06'16"E. 285.79 feet along the east boundary of Lot 5; thence S.89°53'44"W. 34.77 feet along the south boundary of Lot 5; thence jogging around an area of walled enclosures the following three courses: N.0°06'16"W. 10.27 feet, S.89°53'44"W. 76.73 feet, and S.0°06'16"E. 10.27 feet; thence S.89°53'44"W. 185.51 feet along the said south boundary; thence N.0°06'16"W. 285.79 feet along the west boundary of Lot 5; thence N.89°53'44"E. 297.00 feet along the north boundary of Lot 5 to the point of beginning, containing 1.93 acres.

THAT PORTION OF LOT 6 described as follows: Commencing at the said east quarter corner of Section 32; thence S.89°53'44"W. 1653.31 feet along the quarter section line and S.0°06'16"E. 43.00 feet to the northeast corner of Lot 6 and the TRUE POINT OF BEGINNING; thence S.0°06'16"E. 285.79 feet along the east boundary of Lot 6; thence S.89°53'44"W. 92.87 feet along the south boundary of Lot 6; thence jogging around an area of a water loading station the following three courses: N.0°06'16"W. 21.32 feet, S.89°53'44"W. 81.65 feet to Point A, and S.0°06'16"E. 21.32 feet; thence S.89°53'44"W. 122.48 feet along the said south boundary; thence N.0°06'16"W. 35.45 feet along the west boundary of Lot 6 to Point B; thence jogging around an area of a well house the following four courses: N.89°53'44"E. 40.94 feet to Point C, N.0°06'16"W. 50.24 feet to Point D, N.41°31'06"W. 12.52 feet, and S.89°53'44"W. 32.65 feet; thence N.0°06'16"W. 104.17 feet along the said west boundary; thence jogging around an area of a gas yard the following two courses: N.89°53'44"E. 68.69 feet and N.0°06'16"W. 86.54 feet; thence N.89°53'44"E. 228.31 feet along the north boundary of Lot 6 to the point of beginning, containing 1.72 acres.



Together with an easement for electrical lines, covering the said area of a gas yard, the said area extending from the said portion of Lot 6 to the platted boundary of Lot 6.

Together with an easement for buried electrical ground grid, covering the said area of a well house, the said area extending from the said portion of Lot 6 to the platted boundary of Lot 6.

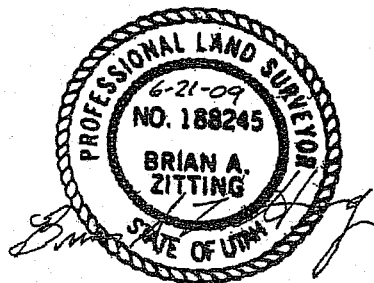
Together with an easement for utilities, 15 feet wide, adjoining and extending north of the line between the said Points B and C and extending from the street right of way to the line between the said Points C and D;.

Reserving an easement for utilities, beginning at the said Point A and thence the following six courses: N.0°06'16"W. 14.13 feet, S.89°53'44"W. 81.54 feet to the said Point C, N.0°06'16"W. 15.00 feet, N.89°53'44"E. 140.82 feet, S.0°06'16"E. 29.13 feet, and S.89°53'44"W. 59.28 feet to the point of beginning.

THAT PORTION OF LOT 11 described as follows: Commencing at the said east quarter corner of Section 32; thence S.89°53'44"W. 1983.31 feet along the quarter section line and S.0°06'16"E. 358.79 feet and N.89°53'44"E. 33.00 feet to a point on the west boundary of Lot 11, which point is S.0°06'16"E. 30.00 feet from the northwest corner of Lot 11 and which point is the TRUE POINT OF BEGINNING; thence N.89°53'44"E. 55.12 feet; thence S.0°06'16"E. 150.17 feet; thence S.89°53'44"W. 55.12 feet; thence N.0°06'16"W. 150.17 feet along the said west boundary to the point of beginning, containing 0.19 acres.

Together with a non-exclusive right of access across the northerly 30 feet of Lot 11, which 30 feet adjoins both the said portion of Lot 6 and the said portion of Lot 11 and is to also be used as a public alley way.

Together with an easement for buried electrical ground grid, adjoining and extending 15 feet outward from the said portion of Lot 11 along the north, east and south sides.



RECORD OF SURVEY		Prepared For TWIN CITY POWER AUTHORITY	POWER PLANT
PHOT. No.: P08091 DATE: 4-21-09 SHEET NO. 1 OF 1	No. 1 Date 6-21-09 Remarks/Revisions EASEMENTS EASEMENTS EASEMENTS	By BAZ BAZ BAZ	Drawn By: BAZ Checked By: BAZ Canaan Peaks Engineering 415 N. State St. #201 Hurricane, UT 84737 Phone: 435-635-8015 Fax: 435-635-8018

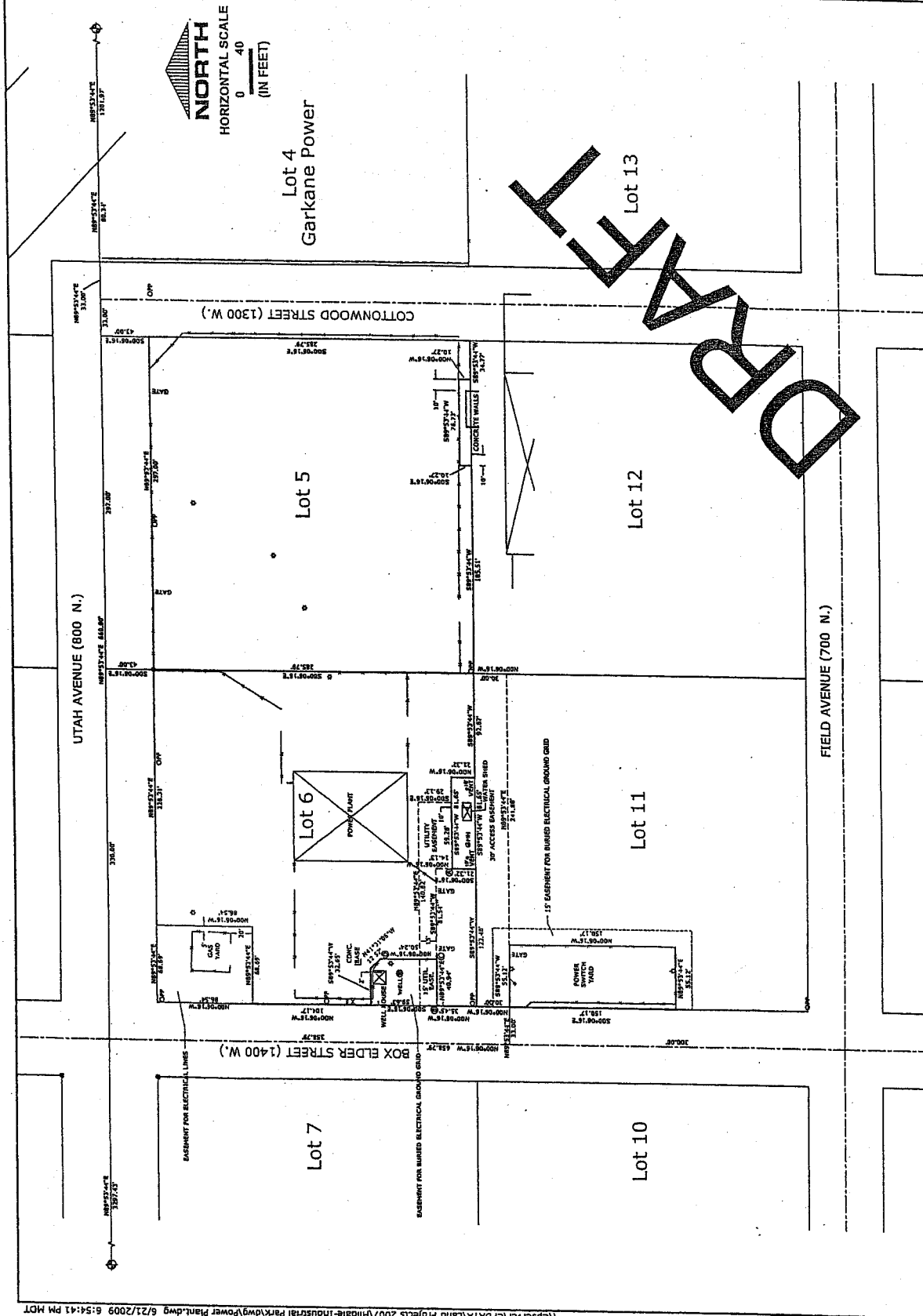


EXHIBIT "E"

TO THE

AGREEMENT FOR PURCHASE AND SALE

OF MUNICIPAL ELECTRICITY DISTRIBUTION SYSTEMS

FORM OF BILL OF SALE

**BILL OF SALE;  
ASSIGNMENT AND ASSUMPTION AGREEMENT**

THIS BILL OF SALE; ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Agreement") is made as of \_\_\_\_\_ by and among CITY OF HILDALE, WASHINGTON COUNTY, UTAH, a municipal corporation and a political subdivision of the State of Utah, and TOWN OF COLORADO CITY, MOHAVE COUNTY, ARIZONA, a municipal corporation and political subdivision of the State of Arizona (each a "Seller", and collectively, "Sellers"), and GARKANE ENERGY COOPERATIVE, INC., a Utah non-profit corporation ("Buyer").

1. Sale and Transfer of Assets. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Seller hereby sells, conveys, transfers, assigns and delivers unto Buyer its legal and beneficial right, title and interest in and to all of the Purchased Assets, excluding (a) the Purchased Real Property (which is conveyed by separate instruments); (b) any other Purchased Assets conveyed or assigned by separate instrument (which separate instrument shall not be deemed to include the Purchase Agreement) and (c) the Excluded Assets, TO HAVE AND TO HOLD the same unto Buyer and its successors and assigns, and to defend the sale of such Purchased Assets against all acts of such Seller and none other.
2. Assignment of Indemnification and Other Rights. Each Seller hereby assigns to Buyer the right to pursue an indemnity, warranty, subrogation, contribution, or other similar claims under any indemnity agreement, purchase contract, or other agreement of or arising by law against any vendor, supplier, OEM manufacturer, insurer, or others in favor of such Seller relating to the presence of any harmful or hazardous materials in, on, or otherwise escaped from any of the Purchased Assets. Sellers make no representation or warranty concerning the enforceability of the rights assigned under this Section or that such rights are assignable.
3. Assumption of Liabilities. Buyer hereby assumes, and covenants to satisfy, pay, discharge or perform (as applicable) in accordance with their terms, and otherwise be responsible for the Assumed Liabilities, excluding the Excluded Liabilities.
4. Purchase Agreement Governs. This Agreement is delivered pursuant to, and is subject to the express representations, warranties, covenants, and agreements set forth in, that certain Agreement for Purchase and Sale of Municipal Electricity Distribution Systems and Associated Facilities dated \_\_\_\_\_ concurrently herewith by and among the Sellers and Buyer (the "Purchase Agreement"). This Agreement is only intended to effectuate the sale, transfer and conveyance to Buyer of the Purchased Assets in accordance with the provisions of the Purchase Agreement, and nothing herein shall expand the rights, covenants, obligations, representations or warranties of any Seller or Buyer (express or implied) beyond what is provided for in the Purchase Agreement, and the terms of this Agreement shall be understood and construed accordingly. To the extent that any provision of this Agreement is inconsistent with the provisions of the Purchase Agreement, the provisions of the Purchase Agreement shall govern.

5. Condition of Purchased Assets. Except as expressly provided in the Purchase Agreement, including those representations and warranties of Sellers set forth pursuant to Article 4 thereof which representations and warranties are expressly incorporated herein by this reference, all Purchased Assets transferred by this Agreement are transferred in their present condition and state of repair, "AS IS" and "WHERE IS", with all defects and liabilities, latent or apparent.
6. Terms Defined. Initially capitalized terms used but not defined herein have the respective meanings given to them in the Purchase Agreement.
7. Additional Assurances. Buyer and each Seller shall, as reasonably requested by another party, provide additional assurance, execute and deliver such instruments, assignments, certificates, or other documents, and shall take such actions as reasonably shall be necessary or desirable to evidence and to give full effect to the provisions of this Agreement.
8. Attorneys' Fees. In any litigation or other proceeding relating to this Agreement, the prevailing party shall be entitled to recover its costs and reasonable attorneys' fees.
9. Successors and Assigns. This Agreement shall be binding upon the parties hereto, their successors, assigns and transferees.
10. Controlling Law. This Agreement and all questions relating to its validity, interpretation, performance, and enforcement shall be governed by and construed in accordance with the laws of the State of Utah, applicable to contracts made and to be performed wholly within the State of Utah by residents of the State of Utah..

DATED this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

"SELLER"

CITY OF HILDALE, WASHINGTON COUNTY,  
UTAH

By: \_\_\_\_\_  
Name: David K. Zitting  
Title: Mayor

[Seal]

Attested and Countersigned:

\_\_\_\_\_  
City Recorder

"SELLER"

TOWN OF COLORADO CITY, MOHAVE  
COUNTY, ARIZONA

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[Seal]  
Attest:

\_\_\_\_\_  
Town Clerk

"BUYER"

GARKANE ENERGY COOPERATIVE, INC.

By: \_\_\_\_\_

Name:

Title:

By: \_\_\_\_\_

Name:

Title:

EXHIBIT "F"  
TO THE  
AGREEMENT FOR PURCHASE AND SALE  
OF MUNICIPAL ELECTRICITY DISTRIBUTION SYSTEMS  
  
FORM OF SPECIAL WARRANTY DEED



When recorded, return to:

David F. Crabtree  
10714 South Jordan Gateway, Suite 300  
South Jordan, Utah 84095

**SPECIAL WARRANTY DEED**

[Fee Property]

For the consideration of Ten Dollars (\$10.00) and other valuable considerations, CITY OF HILDALE, WASHINGTON COUNTY, UTAH, a municipal corporation and political subdivision of the State of Utah formerly known as Hildale Town Corporation ("Grantor"), hereby conveys and warrants against all who claim by, through, or under the Grantor, subject to the matters set forth herein, to GARKANE ENERGY COOPERATIVE, INC., a Utah non-profit corporation, with an address of 120 West 300 South, PO Box 465, Loa, Utah 84747 ("Grantee"), the following real property situated in Washington County, Utah:

See Exhibit A attached hereto and incorporated herein by this reference (the "Property");

together with all rights and privileges appurtenant thereto and any and all Improvements on the Property, but excluding therefrom the Excluded Assets.

SUBJECT to the Permitted Liens.

The "Improvements" conveyed hereunder include each building, structure, facility, pipe, cable, conduit, wire, sidewalk, roadway, driveway, sign, storm sewer, storm water runoff or drainage facility, well, pump, pole, sump, trees, shrubs, sod, and other plantings and landscaping, fence(s), gates, and any other improvements or fixtures that constitute real property or fixtures in each instance, located on, under or above the Property and which Grantor owns or in which Grantor has any interest to the full extent of Grantor's interest therein.

For purposes hereof, the "Excluded Assets" and "Permitted Liens" shall have the meaning set forth pursuant to that certain Agreement for Purchase and Sale of Municipal Electricity Distribution Systems and Associated Facilities among Grantor and Town of Colorado City, Mohave County, Arizona, as sellers, and Grantee, as buyer, dated as of \_\_\_\_\_.

[SIGNATURE PAGE FOLLOWS]

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

CITY OF HILDALE, a Utah municipal  
corporation

By: \_\_\_\_\_  
Name: David K. Zitting  
Title: Mayor  
"Grantor"

[Seal]

Attest:

\_\_\_\_\_  
City Recorder, City of Hildale

STATE OF UTAH            )  
                                  : ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of June, 2009, by  
DAVID K. ZITTING, who is the Mayor of HILDALE TOWN CORPORATION, a Utah  
municipal corporation.

NOTARY PUBLIC  
Residing at: \_\_\_\_\_

My Commission Expires:  
\_\_\_\_\_

**EXHIBIT A**

**Legal Description for Property**

## EXHIBIT "A"

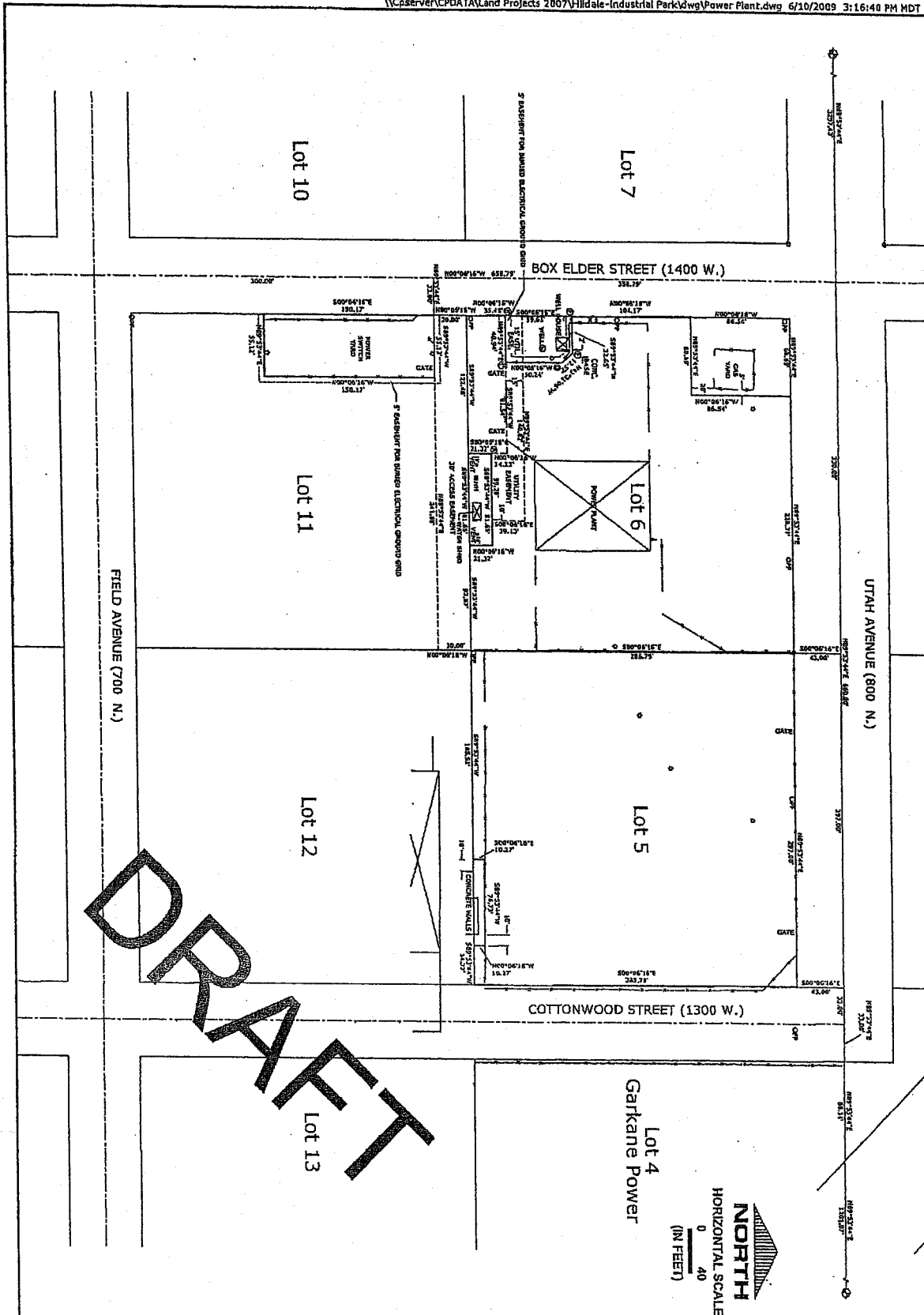
PORTIONS OF LOTS 5, 6 AND 11 of "Hildale Industrial Park," as shown on that plat with Recorded No. 578818 in Book 1138 at Page 871, as filed in the office of the Washington County Recorder on October 6, 1997, located in Section 32, Township 43 South, Range 10 West, Salt Lake Base and Meridian, having a basis of bearings of N.89°53'44"E. between the 1975 Washington County brass cap at the west quarter corner of said Section 32 and the 1994 B.L.M. aluminum cap at the east quarter corner of the said Section 32, and described as follows:

THAT PORTION OF THE SAID LOT 5 described as follows: Commencing at the said east quarter corner of Section 32; thence S.89°53'44"W. 1356.31 feet along the quarter section line and S.0°06'16"E. 43.00 feet to the northeast corner of the said Lot 5 and the TRUE POINT OF BEGINNING; thence S.0°06'16"E. 285.79 feet along the east boundary of the said Lot 5; thence S.89°53'44"W. 34.77 feet along the south boundary of the said Lot 5; thence jogging around an area of walled enclosures the following three courses: N.0°06'16"W. 10.27 feet, S.89°53'44"W. 76.73 feet, and S.0°06'16"E. 10.27 feet; thence S.89°53'44"W. 185.51 feet along the said south boundary; thence N.0°06'16"W. 285.79 feet along the west boundary of the said Lot 5; thence N.89°53'44"E. 297.00 feet along the north boundary of the said Lot 5 to the point of beginning, containing 1.93 acres.

THAT PORTION OF THE SAID LOT 6 described as follows: Commencing at the said east quarter corner of Section 32; thence S.89°53'44"W. 1653.31 feet along the quarter section line and S.0°06'16"E. 43.00 feet to the northeast corner of the said Lot 6 and the TRUE POINT OF BEGINNING; thence S.0°06'16"E. 285.79 feet along the east boundary of the said Lot 6; thence S.89°53'44"W. 92.87 feet along the south boundary of the said Lot 6; thence jogging around an area of a water loading station the following three courses: N.0°06'16"W. 21.32 feet, S.89°53'44"W. 81.65 feet to Point A, and S.0°06'16"E. 21.32 feet; thence S.89°53'44"W. 122.48 feet along the said south boundary; thence N.0°06'16"W. 35.45 feet along the west boundary of the said Lot 6 to Point B; thence jogging around an area of a well house the following four courses: N.89°53'44"E. 40.94 feet to Point C, N.0°06'16"W. 50.24 feet to Point D, N.41°31'06"W. 12.52 feet to Point E, and S.89°53'44"W. 32.65 feet to Point F; thence N.0°06'16"W. 104.17 feet along the said west boundary; thence jogging around an area of a gas yard the following two courses: N.89°53'44"E. 68.69 feet and N.0°06'16"W. 86.54 feet; thence N.89°53'44"E. 228.31 feet along the north boundary of the said Lot 6 to the

point of beginning, containing 1.72 acres; RESERVING an easement for utilities, beginning at the said Point A and thence the following six courses: N.0°06'16"W. 14.13 feet, S.89°53'44"W. 81.54 feet to the said Point C, N.0°06'16"W. 15.00 feet, N.89°53'44"E. 140.82 feet, S.0°06'16"E. 29.13 feet, and S.89°53'44"W. 59.28 feet to the point of beginning; TOGETHER with an easement for buried electrical ground grid, adjoining and extending 5 feet outward from the above-described portion of Lot 6 along the three lines between the said Points C and F; TOGETHER with an easement for utilities, 15 feet wide, adjoining and extending north of the line between the said Points B and C and extending from the street right of way to the line between the said Points C and D;

THAT PORTION OF THE SAID LOT 11 described as follows: Commencing at the said east quarter corner of Section 32; thence S.89°53'44"W. 1983.31 feet along the quarter section line and S.0°06'16"E. 358.79 feet and N.89°53'44"E. 33.00 feet to a point on the west boundary of the said Lot 11, which point is S.0°06'16"E. 30.00 feet from the northwest corner of the said Lot 11 and which point is the TRUE POINT OF BEGINNING; thence N.89°53'44"E. 55.12 feet; thence S.0°06'16"E. 150.17 feet; thence S.89°53'44"W. 55.12 feet; thence N.0°06'16"W. 150.17 feet along the said west boundary to the point of beginning, containing 0.19 acres; TOGETHER WITH a non-exclusive right of access across the northerly 30 feet of the said Lot 11, which 30 feet adjoins both the said portion of Lot 6 and the said portion of Lot 11 and is to also be used as a public alley way; TOGETHER with an easement for buried electrical ground grid, adjoining and extending 5 feet outward from above-described portion of Lot 11 along the north, east and south sides.



SHEET NO. 1 OF 1	DATE: 4-11-09	PROJ. No.: P00001	RECORD OF SURVEY	POWER PLANT																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																											
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When recorded, return to:

David F. Crabtree  
10714 South Jordan Gateway, Suite 300  
South Jordan, Utah 84095

### QUITCLAIM DEED

For the consideration of Ten Dollars, and other valuable considerations, CITY OF HILDALE, WASHINGTON COUNTY, UTAH, a municipal corporation and a political subdivision of the State of Utah formerly known as Hildale Town Corporation ("Seller"), hereby quit-claims to GARKANE ENERGY COOPERATIVE, INC., a Utah non-profit corporation, all right, title or interest in the following real property situated in Washington County, Utah:

All electrical distribution easements and rights of way within the municipal boundaries of Hildale, Utah, which boundaries are set forth in Exhibit A, attached hereto.

Dated this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

CITY OF HILDALE, WASHINGTON  
COUNTY, UTAH

By: \_\_\_\_\_

Name: David K. Zitting

Title: Mayor

[Seal]

Attested and Countersigned:

\_\_\_\_\_  
City Recorder

STATE OF UTAH                    )  
                                      : ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of June, 2009, by  
DAVID K. ZITTING, who is the Mayor of HILDALE TOWN CORPORATION, a Utah  
municipal corporation.

NOTARY PUBLIC

Residing at: \_\_\_\_\_

My Commission Expires:

\_\_\_\_\_



EXHIBIT A

LEGAL DESCRIPTION

**CORPORATE LIMITS  
OF THE  
CITY OF HILDALE, UTAH**

May 22, 2009

**Description**

The following described parcels located in Township 43 South, Range 10 West, Salt Lake Base and Meridian:

- Section 14: The southwest quarter; the south half of the northwest quarter.
- Section 21: The southeast quarter of the southeast quarter; the east half of the southwest quarter of the southeast quarter; the south half of the northeast quarter of the southeast quarter; the southeast quarter of the northwest quarter of the southeast quarter.
- Section 22: The southwest quarter; the west half of the west half of the southeast quarter; the southwest quarter of the southwest quarter of the northeast quarter; the south half of the south half of the northwest quarter.
- Section 23: The west half.
- Section 26: The southwest quarter of the southeast quarter; The southeast quarter of the southwest quarter; The southwest quarter of the southwest quarter; The northwest quarter of the southwest quarter; The west half of the northeast quarter of the southwest quarter; ALSO: Beginning at the west quarter corner of Section 26, THENCE North 89°59'22" East 1,980.00 feet along the quarter-section line; thence North 19°15'22" East 420.44 feet; thence North 39°36'11" East 286.87 feet; thence North 25°30'09" East 253.13 feet; thence North 43°09'10" West 18.49 feet; thence North 13°59'47" East 409.10 feet; thence North 06°13'06" West 355.00 feet; thence North 77°50'48" West 30.11 feet; thence North 25°33'48" West 179.49 feet; thence North 10°33'08" West 151.31 feet; thence North 01°00'47" East 428.37 feet; thence North 25°30'50" East 315.50 feet to a point on the north line of said Section 26; thence West 2,468.00 feet along said section line to the northwest corner of said Section 26; thence South 00°01' East 2,640.18 feet along the section line to the POINT OF BEGINNING. CONTAINING approximately 141 acres.
- Section 27: The north half of the northwest quarter; the southeast quarter of the northwest quarter; the northeast quarter; the north half of the southeast quarter; the southeast quarter of the southeast quarter.
- Section 28: The northeast quarter of the northeast quarter; the west half of the southwest quarter.
- Section 29: The south half; the south half of the northwest quarter; the northwest quarter of the northwest quarter.
- Section 32: The entire section.

- Section 33: The south half of the northwest quarter; the northwest quarter of the northwest quarter; the southwest quarter of the northeast quarter; Sectional Lots 1, 2, 3, and 4.
- Section 34: The northeast quarter; the southeast quarter of the northwest quarter; Sectional Lots 1, 2, 3, and 4.
- Section 35: The west half; the northwest quarter of the northeast quarter.

TOTALLING ROUGHLY 3500 ACRES.

When recorded, return to:

David F. Crabtree  
10714 South Jordan Gateway, Suite 300  
South Jordan, Utah 84095

Exempt pursuant to A.R.S. § 11-1134(A)(3)

### QUITCLAIM DEED

For the consideration of Ten Dollars, and other valuable considerations, TOWN OF COLORADO CITY, MOHAVE COUNTY, ARIZONA, a municipal corporation and political subdivision of the State of Arizona ("Seller"), hereby quit-claims to GARKANE ENERGY COOPERATIVE, INC., a Utah non-profit corporation, all right, title or interest in the following real property situated in Mohave County, Arizona:

All electrical distribution easements and rights of way within the municipal boundaries of Colorado City, Arizona, which boundaries are set forth in Exhibit A, attached hereto.

Dated this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

TOWN OF COLORADO CITY, MOHAVE  
COUNTY, ARIZONA

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[Seal]  
Attest:

\_\_\_\_\_  
Town Clerk

STATE OF \_\_\_\_\_ )  
: ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of June, 2009, by \_\_\_\_\_, the \_\_\_\_\_ of TOWN OF COLORADO CITY, MOHAVE COUNTY, ARIZONA, a municipal corporation and political subdivision of the State of Arizona.

\_\_\_\_\_  
Notary Public

My commission expires:  
\_\_\_\_\_

**EXHIBIT A**

**Municipal Boundary Description**

**CORPORATE LIMITS  
OF THE  
TOWN OF COLORADO CITY, ARIZONA**

May 22, 2009

**Description**

The following described parcels located in Township 41 North, Range 6 West, Gila and Salt River Base and Meridian:

- Section 4: The portion of the section west of the Cottonwood Point Wilderness Boundary.
- Section 5: The portion of the section west of the Cottonwood Point Wilderness Boundary.
- Section 6: The entire section.
- Section 7: The entire section.
- Section 8: The entire section.
- Section 9: The portion of the section west of the Cottonwood Point Wilderness Boundary.
- Section 17: The portion of Airport Avenue that passes through the section, described as follows (taken from the "Annexation Plat for Airport Avenue / Redwood Street," recorded May 6, 1999, at Reception No. 99-27238, Mohave County Records):  
Beginning at the northwest corner of said Section 17, thence S.  $89^{\circ}51'49''$  E. 1352.82 feet to a point on the north section line of said Section 17, said point is a point of cusp of a 543.00 foot radius curve concave to the northwest, the radius point of which bears N.  $22^{\circ}49'33''$  W., said point also being on the south right-of-way line of Airport Avenue; thence southwesterly along the arc of said curve and right-of-way through a central angle of  $22^{\circ}57'44''$  217.62 feet to the point of tangency; thence N.  $89^{\circ}51'49''$  W. 1140.80 feet to a point on the west section line of said Section 17; thence northerly 43 feet to the point of beginning.
- Section 18: The north 43 feet.

The following described parcels located in Township 41 North, Range 7 West, Gila and Salt River Base and Meridian:

- Section 1: The entire section.
- Section 12: The entire section.
- Section 13: The west half; the west 43 feet of the east half; the north 43 feet of the east half.
- Section 14: The south half; the south half of the northwest quarter; the south half of the northeast quarter; the northeast quarter of the northeast quarter.

The following described parcels located in Township 42 North, Range 6 West, Gila and Salt River Base and Meridian:

- Section 31: The entire section.
- Section 32: The portion of the section west of the Cottonwood Point Wilderness Boundary.
- Section 33: The portion of the section west of the Cottonwood Point Wilderness Boundary.

The following described parcels located in Township 42 North, Range 7 West, Gila and Salt River Base and Meridian:

- Section 36: The entire section.

Description of the Cottonwood Point Wilderness Boundary through the said Sections 32, 33, 4, 5, 8 and 9 (as shown on the B.L.M. plats of "Dependent Resurvey and Metes-and-Bounds Survey of the Cottonwood Point Wilderness Boundary," dated April 29, 1997):

Beginning at Mile Post 60.19 on the Utah-Arizona state line; thence the following courses:

- S. 29°53' W. 211.20 feet;
- N. 85°16' W. 211.86 feet;
- S. 15°20' W. 458.70 feet;
- S. 32°31' E. 348.48 feet to the center-east sixteenth corner of said Section 32;
- S. 24°18' E. 234.30 feet;
- S. 34°48' E. 192.06 feet;
- S. 64°38' W. 227.70 feet;
- S. 40°25' W. 254.10 feet;
- S. 68°36' W. 176.88 feet;
- S. 00°03' E. 196.68 feet;
- N. 81°16' E. 333.96 feet;
- N. 75°11' E. 231.00 feet;
- N. 82°49' E. 331.32 feet;
- S. 06°39' E. 554.40 feet;
- S. 02°52' E. 275.88 feet;
- S. 56°08' E. 506.22 feet;
- S. 20°31' E. 262.02 feet;
- S. 76°23' E. 184.80 feet to the east line of said Section 32;
- S. 88°54' E. 465.30 feet;
- S. 00°39' W. 468.60 feet to the south line of said Section 33;
- S. 28°39' E. 442.20 feet;
- S. 28°22' W. 247.50 feet;
- S. 52°46' W. 134.64 feet;
- N. 61°18' W. 231.00 feet;
- N. 64°46' W. 263.34 feet to the west line of said Section 4;
- S. 71°24' W. 261.36 feet;



N. 88°54' W. 407.22 feet;  
 S. 22°30' W. 448.80 feet;  
 S. 67°26' W. 529.98 feet;  
 S. 00°34' E. 209.22 feet to the northeast sixteenth corner of said Section 5;  
 N. 89°41' W. 343.20 feet;  
 S. 41°19' W. 381.48 feet;  
 S. 56°44' W. 867.90 feet;  
 S. 00°22' E. 559.02 feet to the center quarter corner of said Section 5;  
 S. 00°22' E. 931.26 feet;  
 S. 23°51' E. 852.72 feet;  
 S. 46°08' E. 311.52 feet;  
 S. 65°03' E. 564.30 feet;  
 N. 47°24' E. 256.08 feet;  
 N. 69°42' E. 4.62 feet;  
 S. 80°39' E. 823.02 feet;  
 S. 01°10' E. 657.36 feet to the south line of said Section 5;  
 S. 50°47' E. 239.58 feet to the east line of said Section 8;  
 S. 16°40' E. 457.38 feet;  
 S. 13°06' E. 217.14 feet;  
 S. 21°15' W. 493.68 feet;  
 S. 19°10' E. 4.62 feet;  
 S. 32°52' E. 493.02 feet;  
 S. 23°47' W. 353.76 feet;  
 S. 10°04' W. 436.92 feet;  
 S. 11°10' E. 337.92 feet;  
 S. 53°26' E. 245.52 feet;  
 S. 08°04' W. 282.48 feet;  
 N. 80°30' W. 254.10 feet;  
 S. 69°17' W. 164.34 feet to the west line of said Section 9;  
 S. 59°28' W. 305.58 feet;  
 S. 21°12' W. 652.74 feet;  
 S. 14°22' E. 246.84 feet;  
 S. 73°39' E. 3.96 feet;  
 S. 05°19' E. 330.66 feet;  
 S. 28°15' E. 254.76 feet to the east line of said Section 8; and  
 S. 41°12' E. 75.90 feet to the south line of said Section 9.

TOTALLING ROUGHLY 5700 ACRES.

EXHIBIT "G"

TO THE

AGREEMENT FOR PURCHASE AND SALE

OF MUNICIPAL ELECTRICITY DISTRIBUTION SYSTEMS

ASSIGNMENT OF RIGHT-OF-WAY/TRANSMISSION LINE CONVEYANCE

When recorded, return to:

David Crabtree  
10714 South Jordan Gateway, Suite 300  
South Jordan, Utah 84095

**SPECIAL WARRANTY DEED**

[Easements]

For the consideration of Ten Dollars (\$10.00) and other valuable considerations, CITY OF HILDALE, WASHINGTON COUNTY, UTAH, a municipal corporation and political subdivision of the State of Utah formerly known as Hildale Town Corporation ("Grantor"), hereby conveys and warrants against all who claim by, through, or under the Grantor, subject to the matters set forth herein, to GARKANE ENERGY COOPERATIVE, INC., a Utah non-profit corporation, with an address of 120 West 300 South, PO Box 465, Loa, Utah 84747 ("Grantee"), the following real property easements and rights-of-way situated in Washington County, Utah, together with any rights and privileges appurtenant thereto:

See Exhibit A attached hereto and incorporated herein by this reference (the "Property").

SUBJECT to all taxes and other assessments, reservations in patents and all easements, rights-of-way, encumbrances, liens, covenants, conditions, restrictions, obligations and liabilities as may appear of record, all leases, and all matters which an accurate survey of the Property or a physical inspection of the Property would disclose.

DATED this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

CITY OF HILDALE, a Utah municipal  
corporation

By: \_\_\_\_\_

Name: David K. Zitting

Title: Mayor

"Grantor"

[Seal]

Attest:

\_\_\_\_\_  
City Recorder, City of Hildale

STATE OF UTAH                    )  
  : ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of June, 2009, by DAVID K. ZITTING, who is the Mayor of CITY OF HILDALE, WASHINGTON COUNTY, UTAH, a municipal corporation and political subdivision of the State of Utah.

NOTARY PUBLIC  
Residing at: \_\_\_\_\_

My Commission Expires:  
\_\_\_\_\_

## EXHIBIT A

### Property Description

#### PARCEL 1:

A right of way easement, as created by No. 18A-GP Right-of-Way Easement, recorded June 29, 1995, as Entry No. 503821, in Book 918 at Pages 210-212, Official Washington County Records.

RESERVING to Grantor a perpetual easement to inspect, maintain, operate, repair, protect, remove and replace the buried gas line with all valves, risers and other associated structures and appurtenances over, across, under and through such easement.

#### PARCEL 1A:

A right of way easement, as created by No. 18B-GP Right-of-Way Easement, recorded June 29, 1995, as Entry No. 503822, in Book 918 at Pages 213-215, Official Washington County Records.

RESERVING to Grantor a perpetual easement to inspect, maintain, operate, repair, protect, remove and replace the buried gas line with all valves, risers and other associated structures and appurtenances over, across, under and through such easement.

#### PARCEL 1B:

A right of way easement, as created by No. 18R-GP Right-of-Way Easement, recorded November 13, 1995, as Entry No. 515076, in Book 950 at Pages 210-215, Official Washington County Records.

RESERVING to Grantor a perpetual easement to inspect, maintain, operate, repair, protect, remove and replace the buried gas line with all valves, risers and other associated structures and appurtenances over, across, under and through such easement.

#### PARCEL 2:

A right of way easement, as created by No. 10A-P Right-of-Way Easement, recorded October 11, 1996, as Entry No. 546531, in Book 1043 at Pages 561-563, Official Washington County Records.

#### PARCEL 2A:

A right of way easement, as created by No. 10-P Right-of-Way Easement, recorded December 16, 1994, as Entry No. 487025, in Book 872 at Pages 748-751, Official Washington County Records.

#### PARCEL 3:

A right of way easement, as created by Corrected No. 14-G Right-of-Way Easement, recorded March 29, 1995, as Entry No. 496056, in Book 896 at Pages 459-462, Official Washington County Records.

PARCEL 3A:

A right of way easement, as created by Corrected No. 14-S Right-of-Way Easement, recorded March 29, 1995, as Entry No. 496055, in Book 896 at Pages 455-458, Official Washington County Records.

PARCEL 3B:

A right of way easement, as created by Corrected No. 14-P Right-of-Way Easement, recorded March 29, 1995, as Entry No. 496057, in Book 896 at Pages 463-466, Official Washington County Records.

PARCEL 4:

A right of way easement, as created by No. 11-P Right-of-Way Easement, recorded November 15, 1994, as Entry No. 484224, in Book 865 at Pages 230-232, Official Washington County Record.

RESERVING to Grantor water, water rights and claims to or interests in water in the Hurricane Irrigation Company.

PARCEL 5:

A right of way easement, as created by No. 10B-P Right-of-Way Easement, recorded December 21, 1994, as Entry No. 487467, in Book 874 at Pages 108-110, Official Washington County Records.

PARCEL 6:

A right of way easement, as created by No. 9-P Right-of-Way Easement, recorded October 17, 1994, as Entry No. 481606, in Book 858 at Pages 55-56, Official Washington County Records.

PARCEL 7:

A right of way easement, as created by No. 9C-P Right-of-Way Easement, recorded October 4, 1996, as Entry No. 545917, in Book 1041 at Pages 758-760, Official Washington County Records.

PARCEL 7A:

A right of way easement, as created by No. 9D-P Right-of-Way Easement, recorded October 4, 1996, as Entry No. 545915, in Book 1041 at Pages 752-754, Official Washington County Records.

PARCEL 8:

A right of way easement, as created by No. 9B-P Right-of-Way Easement, recorded October 7, 1996, as Entry No. 545953, in Book 1041 at Pages 867-868, Official Washington County Records.

PARCEL 9:

A right of way easement, as created by No. 6-P Right-of-Way Easement, recorded October 17, 1994, as Entry No. 481604, in Book 858 at Pages 49-51, Official Washington County Records.

PARCEL 9A:

A right of way easement, as created by No. 6A-P Right-of-Way Easement, recorded October 7, 1996, as Entry No. 546055, in Book 1042 at Pages 224-226, Official Washington County Records.

PARCEL 10:

A right of way easement, as created by No. 6A-P Right-of-Way Easement, recorded February 14, 1997, as Entry No. 557468, in Book 1076 at Pages 301-302, Official Washington County Records.

PARCEL 10A:

A right of way easement, as created by No. 6B-P Right-of-Way Easement, recorded October 4, 1996, as Entry No. 545916, in Book 1041 at Pages 755-757, Official Washington County Records.

PARCEL 11:

A right of way easement, as created by No. 5-P Right-of-Way Easement, recorded October 17, 1994, as Entry No. 481603, in Book 858 at Pages 47-48, Official Washington County Records.

PARCEL 12:

A right of way easement, as created by No. 5A-P Right-of-Way Easement, recorded October 7, 1996, as Entry No. 545955, in Book 1041 at Pages 872-873, Official Washington County Records.

PARCEL 13:

A right of way easement, as created by No. 15-P Right-of-Way Easement, recorded October 17, 1994, as Entry No. 481608, in Book 858 at Pages 60-61, Official Washington County Records.

PARCEL 13A:

A right of way easement, as created by No. 15-P Right-of-Way Easement, recorded April 12, 1995, as Entry No. 497301, in Book 899 at Pages 849-851, Official Washington County Records.

PARCEL 14:

A right of way easement, as created by No. 16-P Right-of-Way Easement, recorded October 17, 1994, as Entry No. 481609, in Book 858 at Pages 62-64, Official Washington County Records.

PARCEL 14A:

A right of way easement, as created by No. 16R-P Right-of-Way Easement, recorded November 15, 1995, as Entry No. 515311, in Book 950 at Pages 799-801, Official Washington County Records.

PARCEL 14B:

A right of way easement, as created by No. 16R-G Right-of-Way Easement, recorded November 15, 1995, as Entry No. 515312, in Book 950 at Pages 802-804, Official Washington County Records.

PARCEL 15:

A right of way easement, as created by No. 17-P Right-of-Way Easement, recorded October 17, 1994, as Entry No. 481610, in Book 858 at Pages 65-67, Official Washington County Records.

PARCEL 16:

A right of way easement, as created by No. 1D-P Right-of-Way Easement, recorded October 17, 1994, as Entry No. 481598, in Book 858 at Pages 32-34, Official Washington County Records.

PARCEL 16A:

A right of way easement, as created by No. 1F-P Right-of-Way Easement, recorded October 17, 1994, as Entry No. 481600, in Book 858 at Pages 38-40, Official Washington County Records.

PARCEL 16B:

A right of way easement, as created by No. 1H-P Right-of-Way Easement, recorded October 17, 1994, as Entry No. 481602, in Book 858 at Pages 44-46, Official Washington County Records.

RESERVING to Grantor water, water rights and claims to or interests in water in the Hurricane Irrigation Company.

PARCEL 16C:

A right of way easement, as created by No. 1HA-P Right-of-Way Easement, recorded November 15, 1994, as Entry No. 484223, in Book 865 at Pages 227-229, Official Washington County Records.

RESERVING to Grantor water, water rights and claims to or interests in water in the Hurricane Irrigation Company.

PARCEL 17:

A right of way easement, as created by No. 1B-P Right-of-Way Easement, recorded October 17, 1994, as Entry No. 481596, in Book 858 at Pages 25-27, Official Washington County Records.

PARCEL 17B: (Numbered as such for reference purposes)

A right of way easement, as created by Right-of-Way Easement, recorded August 1, 1995, as Entry No. 506276, in Book 925 at Pages 147-149, Official Washington County Records.

PARCEL 18:

A right of way easement, as created by No. 1E-P Right-of-Way Easement, recorded October 17, 1994, as Entry No. 481599, in Book 858 at Pages 35-37, Official Washington County Records.

PARCEL 19:

A right of way easement, as created by No. 3A-P Right-of-Way Easement, recorded October 10, 1996, as Entry No. 546377, in Book 1043 at Pages 152-155, Official Washington County Records.



PARCEL 20:

A right of way easement, as created by No. 1G-P Right-of-Way Easement, recorded October 17, 1994, as Entry No. 481601, in Book 858 at Pages 41-43, Official Washington County Records.

PARCEL 21:

A right of way easement, as created by No. 40-P Right-of-Way Easement, recorded October 17, 1994, as Entry No. 481623, in Book 858 at Pages 100-102, Official Washington County Records.

PARCEL 21A:

A right of way easement, as created by No. 41-P Right-of-Way Easement, recorded October 17, 1994, as Entry No. 481624, in Book 858 at Pages 103-104, Official Washington County Records.

PARCEL 22:

A right of way easement, as created by No. 29-P Right-of-Way Easement, recorded October 17, 1994, as Entry No. 481617, in Book 858 at Pages 84-86, Official Washington County Records.

PARCEL 23:

A right of way easement, as created by No. 28-P Right-of-Way Easement, recorded December 15, 1994, as Entry No. 486928, in Book 872 at Pages 512-515, Official Washington County Records.

PARCEL 24:

A right of way easement, as created by No. 30-P Right-of-Way Easement, recorded November 15, 1994, as Entry No. 484228, in Book 865 at Pages 242-244, Official Washington County Records.

PARCEL 25:

A right of way easement, as created by No. 34-P Right-of-Way Easement, recorded October 17, 1994, as Entry No. 481620, in Book 858 at Pages 92-94, Official Washington County Records.

PARCEL 25A:

A right of way easement, as created by No. 31-P Right-of-Way Easement, recorded October 17, 1994, as Entry No. 481618, in Book 858 at Pages 87-88, Official Washington County Records.

PARCEL 25B:

A right of way easement, as created by No. 33-P Right-of-Way Easement, recorded October 17, 1994, as Entry No. 481619, in Book 858 at Pages 89-91, Official Washington County Records.

PARCEL 25C:

A right of way easement, as created by No. 32-P Right-of-Way Easement, recorded November 15, 1994, as Entry No. 484229, in Book 865 at Pages 245-247, Official Washington County Records.

PARCEL 26:

A right of way easement, as created by No. 36-P Right-of-Way Easement, recorded October 17, 1994, as Entry No. 481622, in Book 858 at Pages 97-99, Official Washington County Records.

PARCEL 26A:

A right of way easement, as created by Final Judgment of Condemnation, recorded October 30, 2002, as Entry No. 787738, in Book 1497 at Pages 2235-2238, Official Washington County Records.

PARCEL 26B:

An easement, as created by Order of Immediate Occupancy, recorded February 14, 1996, as Entry No. 523438, in Book 974 at Pages 345-347, Official Washington County Records, over, under and through real property, in Washington County, Utah.

PARCEL 27:

An easement, as created by Order of Immediate Occupancy, recorded February 14, 1996, as Entry No. 523438, in Book 974 at Pages 345-347, Official Washington County Records, over, under and through real property, in Washington County, Utah.

PARCEL 27A:

An easement, as created by Order of Immediate Occupancy, recorded February 14, 1996; as Entry No. 523438, in Book 974 at Pages 345-347, Official Washington County Records, over, under and through real property, in Washington County, Utah.

PARCEL 28:

A right of way easement, as created by No. 39-P Right-of-Way Easement, recorded November 15, 1994, as Entry No. 484225, in Book 865 at Pages 233-235, Official Washington County Records.

PARCEL 29:

A right of way easement, as created by No. 27-P Right-of-Way Easement, recorded December 1, 1994, as Entry No. 485696, in Book 869 at Pages 224-226, Official Washington County Records.

PARCEL 29A:

A right of way easement, as created by No. 27-P Right-of-Way Easement, recorded March 21, 1995, as Entry No. 495330, in Book 894 at Pages 612-614, Official Washington County Records.

PARCEL 30:

A right of way easement, as created by No. 26B-P Right-of-Way Easement, recorded May 6, 1996, as Entry No. 531706, in Book 999 at Pages 344-346, Official Washington County Records.

PARCEL 31:

A right of way easement, as created by No. 26A-P Right-of-Way Easement, recorded October 17, 1994, as Entry No. 481571, in Book 857 at Pages 838-840, Official Washington County Records.

RESERVING to Grantor a perpetual easement to inspect, maintain, operate, repair, protect, remove and replace the buried gas line with all valves, risers and other associated structures and appurtenances over, across, under and through such easement.

PARCEL 31A:

A right of way easement, as created by No. 26C-P Right-of-Way Easement, recorded March 13, 1995, as Entry No. 494627, in Book 892 at Pages 793-796, Official Washington County Records.

PARCEL 32:

A right of way easement, as created by No. 21-P Right-of-Way Easement, recorded October 17, 1994, as Entry No. 481611, in Book 858 at Pages 68-69, Official Washington County Records.

PARCEL 33:

A right of way easement, as created by No. 22A-P Right-of-Way Easement, recorded October 17, 1994, as Entry No. 481612, in Book 858 at Pages 70-72, Official Washington County Records.

PARCEL 33A:

A right of way easement, as created by No. 22B-P Right-of-Way Easement, recorded October 17, 1994, as Entry No. 481613, in Book 858 at Pages 73-75, Official Washington County Records.

PARCEL 33B:

A right of way easement, as created by No. 22-G Right-of-Way Easement, recorded August 21, 1996, as Entry No. 541485, in Book 1028 at Pages 371-373, Official Washington County Records.

PARCEL 34:

A right of way easement, as created by No. 23-P Right-of-Way Easement, recorded October 17, 1994, as Entry No. 481614, in Book 858 at Pages 76-77, Official Washington County Records.

PARCEL 35:

A right of way easement, as created by No. 25-P Right-of-Way Easement, recorded October 17, 1994, as Entry No. 481616, in Book 858 at Pages 81-83, Official Washington County Records.

PARCEL 35A:

A right of way easement, as created by No. 24-P Right-of-Way Easement, recorded October 17, 1994, as Entry No. 481615, in Book 858 at Pages 78-80, Official Washington County Records.

PARCEL 36:

A right of way easement, as created by No. 8B-P Right-of-Way Easement, recorded October 4, 1996, as Entry No. 545918, in Book 1041 at Pages 761-763, Official Washington County Records.

PARCEL 37:

A right of way easement, as created by No. 5B-P Right-of-Way Easement, recorded October 7, 1996, as Entry No. 545956, in Book 1041 at Pages 874-876, Official Washington County Records.

PARCEL 38:

A right of way easement, as created by No. 9E-P Right-of-Way Easement, recorded October 7, 1996, as Entry No. 545954, in Book 1041 at Pages 869-871, Official Washington County Records.

PARCEL 39:

A right of way easement, as created by No. 8-P Right-of-Way Easement, recorded October 17, 1994, as Entry No. 481605, in Book 858 at Pages 52-54, Official Washington County Records.

PARCEL 40:

A right of way easement, as created by Corrected No. 13-P Right-of-Way Easement, recorded June 29, 1995, as Entry No. 503824, in Book 918 at Pages 218-219, Official Washington County Records.

PARCEL 40A:

A right of way easement, as created by No. 13-G Right-of-Way Easement, recorded June 29, 1995, as Entry No. 503823, in Book 918 at Pages 216-221, Official Washington County Records.

PARCEL 41:

A right of way easement, as created by No. 35-P Right-of-Way Easement, recorded October 17, 1994, as Entry No. 481621, in Book 858 at Pages 95-96, Official Washington County Records.

PARCEL 42

A right of way easement, as created by No. 1C-P Right of Way Easement, recorded February 27, 1995, as Entry No. 493303, in Book 889 at Pages 220-222, Official Washington County Records

UNITED STATES  
DEPARTMENT OF INTERIOR  
BUREAU OF LAND MANAGEMENT

**RIGHT-OF-WAY RELINQUISHMENT**

UTU-72798

Town of Hildale, UT

Authorized February 7, 1995

I hereby relinquish to the United States any and all rights, and interests that the Town of Hildale, UT, may have obtained by reason of the approval of the Right-of-Way by the Bureau of Land Management in the above identified case insofar as the lands described below:

Salt Lake Meridian

T. 43 S., R. 11 W.

sec. 15, SESE;

T. 42 S., R. 12 W.

sec. 7, SWSW;

sec. 17, N2SW, NWSE, S2SE;

sec. 18, SWNE, N2NW, SENW, N2SE

sec. 21, N2NE, NENW;

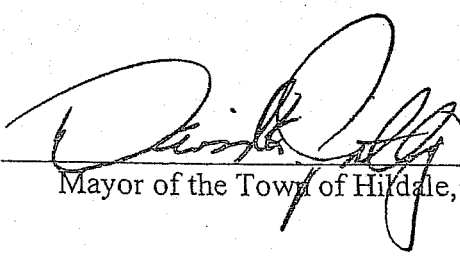
sec. 22, NWNW;

sec. 24, SESW;

T. 42 S., R. 13 W.

sec. 1, S2SW;

sec. 12, W2NE, NENW, N2SE, SESE.

  
Mayor of the Town of Hildale, UT.

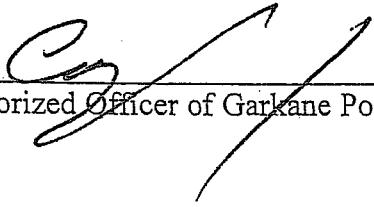
  
Date

RIGHT-OF-WAY ASSIGNMENT

UTU-72798

The Bureau of Land Management has received a request to assign right-of-way UTU-72798 Garkane Power REA. The Right-of-Way was issued to the Town of Hildale, UT on February 7, 1995 for a right to construct, operate, maintain, and terminate a power line. This Right-of-Way authorization is set to expire February 6, 2025.

Garkane Power hereby agrees to comply with and be bound by all terms and conditions contained in the Right-of-Way Grant UTU-72798 authorized February 7, 1995.

  
\_\_\_\_\_  
Authorized Officer of Garkane Power REA

6-23-09  
\_\_\_\_\_  
Date

Accepted by:

\_\_\_\_\_  
Authorized Officer of BLM

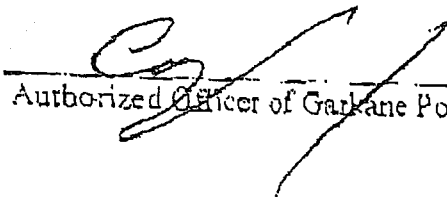
\_\_\_\_\_  
Date

RIGHT-OF-WAY ASSIGNMENT

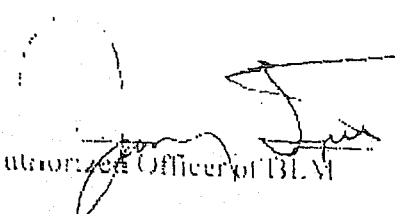
UTU-72798

The Bureau of Land Management has received a request to assign right-of-way UTU-72798 Garkane Power REA. The Right-of-Way was issued to the Town of Hildale, UT on February 7, 1995 for a right to construct, operate, maintain, and terminate a power line. This Right-of-Way authorization is set to expire February 6, 2025.

Garkane Power hereby agrees to comply with and be bound by all terms and conditions contained in the Right-of-Way Grant UTU-72798 authorized February 7, 1995.

  
Authorized Officer of Garkane Power REA6-23-09  
Date

Accepted by:

  
Authorized Officer of BLM6/23/09  
Date

APPLICATION FOR TRANSPORTATION AND  
UTILITY SYSTEMS AND FACILITIES  
ON FEDERAL LANDS

FORM APPROVED  
OMB NO. 1004-0189  
Expires: November 30, 2008

NOTE: Before completing and filing the application, the applicant should completely review this package and schedule a preapplication meeting with representatives of the agency responsible for processing the application. Each agency may have specific and unique requirements to be met in preparing and processing the application. Many times, with the help of the agency representative, the application can be completed at the preapplication meeting.

FOR AGENCY USE ONLY

Application Number

Date filed

1. Name and address of applicant (include zip code)

Hildale City  
P O Box 840809  
Hildale City UT 84784-0809

2. Name, title, and address of authorized agent if different from item 1 (include zip code)

David Zitting, Mayor  
PO Box 840809 Hildale UT 84784-0809

3. TELEPHONE (area code)

Applicant 435-874-2323

Authorized Agent  
435-874-1160

4. As applicant are you? (check one)

- a. ☐ Individual  
b. ☐ Corporation\*  
c. ☐ Partnership/Association\*  
d. ☐ State Government/State Agency  
e. ☒ Local Government  
f. ☐ Federal Agency

\* If checked, complete supplemental page

5. Specify what application is for: (check one)

- a. ☐ New authorization  
b. ☐ Renewing existing authorization No.  
c. ☐ Amend existing authorization No.  
d. ☒ Assign existing authorization No.  
e. ☐ Existing use for which no authorization has been received\*  
f. ☐ Other\*

\* If checked provide details under item 7

6. If an individual, or partnership are you a citizen(s) of the United States? ☐ Yes ☐ No

7. Project description (describe in detail): (a) Type of system or facility, (e.g., canal, pipeline, road); (b) related structures and facilities; (c) physical specifications (length, width, grading, etc.); (d) term of years needed; (e) time of year of use or operation; (f) Volume or amount of product to be transported; (g) duration and timing of construction; and (h) temporary work areas needed for construction (Attach additional sheets, if additional space is needed.)

Construct, operate and maintain a 69 kV Power Transmission Line from Hurricane to Hildale as issued in Serial Number UTU-72798 as amended.

8. Attach a map covering area and show location of project proposal

9. State or local government approval: ☐ Attached ☐ Applied for ☒ Not required

10. Nonreturnable application fee. ☐ Attached ☐ Not required

11. Does project cross international boundary or affect international waterways? ☐ Yes ☒ No (If "yes," indicate on map)

12. Give statement of your technical and financial capability to construct, operate, maintain, and terminate system for which authorization is being requested.

Construction in 1996



13a. Describe other reasonable alternative routes and modes considered

N/A

b. Why were these alternatives not selected?

N/A

c. Give explanation as to why it is necessary to cross Federal Lands

N/A

14. List authorizations and pending applications filed for similar projects which may provide information to the authorizing agency (Specify number, date, code, or name)

N/A

15. Provide statement of need for project, including the economic feasibility and items such as: (a) cost of proposal (construction, operation, and maintenance); (b) estimated cost of next best alternative; and (c) expected public benefits.

N/A

16. Describe probable effects on the population in the area, including the social and economic aspects, and the rural lifestyles.

N/A

17. Describe likely environmental effects that the proposed project will have on: (a) air quality; (b) visual impact; (c) surface and ground water quality and quantity; (d) the control or structural change on any stream or other body of water; (e) existing noise levels; and (f) the surface of the land, including vegetation, permafrost, soil, and soil stability.

N/A

18. Describe the probable effects that the proposed project will have on (a) populations of fish, plantlife, wildlife, and marine life, including threatened and endangered species; and (b) marine mammals, including hunting, capturing, collecting, or killing these animals.

N/A

19. State whether any hazardous material, as defined in this paragraph, will be used, produced, transported or stored on or within the right-of-way or any of the right-of-way facilities, or used in the construction, operation, maintenance or termination of the right-of-way or any of its facilities. "Hazardous material" means any substance, pollutant or contaminant that is listed as hazardous under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. 9601 et seq., and its regulations. The definition of hazardous substances under CERCLA includes any "hazardous waste" as defined in the Resource Conservation and Recovery Act of 1976 (RCRA), as amended, 42 U.S.C. 9601 et seq., and its regulations. The term hazardous materials also includes any nuclear or byproduct material as defined by the Atomic Energy Act of 1954, as amended, 42 U.S.C. 2011 et seq. The term does not include petroleum, including crude oil or any fraction thereof that is not otherwise specifically listed or designated as a hazardous substance under CERCLA Section 101(14), 42 U.S.C. 9601(14), nor does the term include natural gas

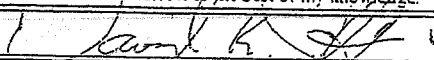
N/A

20. Name all the Department(s)/Agency(ies) where this application is being filed.

BLM

I HEREBY CERTIFY, That I am of legal age and authorized to do business in the State and that I have personally examined the information contained in the application and believe that the information submitted is correct to the best of my knowledge.

Signature of Applicant



Date 06/08/2009

Title 18, U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious, or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 3)



State of Utah  
School & Institutional  
Trust Lands Administration

Jon M. Huntsman, Jr.  
Governor

Kevin S. Carter  
Director

675 East 500 South, Suite 500  
Salt Lake City, UT 84102-2818  
801-538-5100  
801-355-0922 (Fax)  
www.trustlands.com

RECEIVED

JUN 18 2009

Stirba & Associates

June 18, 2009

Sandy Cresswell  
Stirba and Associates  
215 South State Street, Suite 750  
P.O. Box 810  
Salt Lake City, UT 84110-0810

**RE: Assignment of Easement No. 285-A from Hildale City to Garkane Energy**

Dear Ms. Cresswell,

Enclosed please find three originals of the above referenced easement assignment forms which have been executed by Hildale City and the Trust Lands Administration. Please have Garkane Energy execute all three originals as indicated on the forms. Once the forms are fully executed, please return one fully executed original to my attention. The other forms may be retained by the assignee and assignor.

If you have any questions, please feel free to contact me at 801-538-5139.

Sincerely,

Chris Fausett  
Trust Lands Resource Specialist

Enclosures



State of Utah  
School and Institutional  
Trust Lands Administration

675 East 500 South #500  
Salt Lake City, UT 84102-2818  
Telephone No. (801)538-5100  
Fax No. (801)355-0922  
Web site: trustlands.utah.gov

Date: April 27, 2009

# ASSIGNMENT OF SURFACE CONTRACT (to a corporation or partnership)

STATE OF UTAH )  
 ) SS  
COUNTY OF WASHINGTON )

Contract Reference No. ESMT 285-A

Assignor's Name: Hildale City  
Address: P.O. Box 840490  
City: Hildale  
State: Utah Zip Code: 84784

I (We), being first duly sworn, do depose and say that I (we), for good and valuable consideration, do hereby assign to:

Name: Garkane Energy Cooperative, Inc.  
Address: 1802 South Highway 89A  
City: Kanab  
State: Utah Zip Code: 84741

a corporation incorporated in the State of \_\_\_\_\_ and qualified to do business in the State of Utah, 100% of my (our) rights, title, interest and privileges in the above-referenced instrument.

Legal Description: T \_\_\_\_\_, R \_\_\_\_\_, Sec \_\_\_\_\_ Further description (or attach separately):

See attached Exhibit A

It is hereby certified that the information contained herein is true, complete and correct to the best of my (our) knowledge and belief and is supplied in good faith, and that the assignor has legal authority.

Assignor's Signature: [Signature] Date: 6-8-09

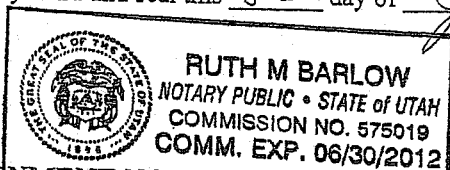
Assignor's Signature \_\_\_\_\_ Date: \_\_\_\_\_

Title \_\_\_\_\_

Title \_\_\_\_\_

On this 8th day of June, 2009, personally appeared before me David K. Zitting, Mayor, signer(s) of the above instrument, who duly acknowledged to me that he/she/they executed the same and has the authorization to do so.

Given under my hand and seal this 8th day of June, 2009.  
(seal)



Ruth M. Barlow  
Notary Public  
Residing at: Washington  
My Commission Expires: 6/30/2012

**ASSIGNMENT NOT EFFECTIVE UNTIL SIGNED BY THE TRUST LANDS ADMINISTRATION**

This application must be accompanied by a \$250.00 fee per contract (SULA, ESMT, ROW, ROE, TA, and Certificates of Sale).  
Assignments are subject to Utah Administrative Rules R850 et seq. and the terms of the instrument.

ACCEPTANCE  
(Corporate or Partnership)

STATE OF Utah )  
COUNTY OF Salt Lake ) SS

(Company or Partnership) Garkane Energy Cooperative, Inc., hereby accepts the

assignment from Hildale City, subject to all of the covenants and obligations of the holder of said instrument.

Carl R. Albrecht  
Assignee's Signature  
Carl R. Albrecht  
Print Name

6/24/09  
Date  
CEO  
Title

On this 24<sup>th</sup> day of June, 2009, personally appeared before me Carl R. Albrecht, an authorized representative of Garkane Energy Cooperative, Inc., and signer of the above instrument, who duly acknowledged to me that he/she executed the same.

Given under my hand and seal this 24<sup>th</sup> day of June, 2009.  
(seal)

Camie Reeder  
Notary Public  
Residing at: Taylorville, UT  
My Commission Expires: 11/21/2010


CONSENT

STATE OF UTAH )  
COUNTY OF SALT LAKE ) SS

The State of Utah, acting by and through the School and Institutional Trust Lands Administration, hereby consents to the assignment of the above referenced instrument as approved on May 11, 2009 (date of Director's Minutes).  
BY: Chris Jansett TITLE: Resource Specialist  
School and Institutional Trust Lands Administration

On this 18 day of June, 2009, personally appeared before me Chris Jansett, signer of the above instrument, who duly acknowledged to me that he/she executed the same.

Given under my hand and seal this 18 day of June, 2009.  
(seal)

 Linda Bianchi  
Notary Public  
Residing at: \_\_\_\_\_  
My Commission Expires: 2/23/11

ASSIGNMENT NOT EFFECTIVE UNTIL SIGNED BY THE TRUST LANDS ADMINISTRATION

This application must be accompanied by a \$250.00 fee per contract (SULA, ESMT, ROW, ROE, TA, and Certificates of Sale).  
Assignments are subject to Utah Administrative Rules R850 et seq. and the terms of the instrument.

**EXHIBIT "A"**  
**Legal Description**

Washington County, Utah

Township 42 South, Range 12 West, SLB&M  
Section 16: S½SW¼ (within)

A 25 feet foot wide easement, being 12.5 feet on each side of the following described centerline:

Beginning at a point on the west section line, said point being located 577.01 feet north of the southwest corner of Section 16; thence N 60°41'45" E 70.71 feet; thence S 74°18'15" E 1841.56 feet; thence S 29°18'15" E 70.71 feet to a point on the south section line, said point being located 1909.54 feet east, more or less, of the southwest section corner. Containing 1.14 acres, more or less.

Township 42 South, Range 11 West, SLB&M  
Section 32: N½NW¼, SE¼NW¼ (within)

A 25 feet foot wide easement, being 12.5 feet on each side of the following described centerline:

Beginning at a point on the north section line, said point being located 16.16 feet east of the northwest corner of Section 32; thence S 54°15' E 2456.74 feet to a point located 1377.56 feet south and 695.32 feet west of the north ¼ corner of said section; thence S 72°1'24" E 400 feet, crossing to the easterly side of the SR 59 Highway right-of-way, to a point located 1507.17 feet south and 319.14 feet west of the said north ¼ corner; thence S 39°54'15" E 544.88 feet to a point on the Grantor's east property line, said point being located 1925.39 feet south of the said north ¼ corner along the ¼ section line. Containing 1.95 acres, more or less.

Township 41 South, Range 13 West, SLB&M  
Section 36: SW¼SW¼ (within)

An easement measuring 100 feet by 200 feet, more particularly described as follows:

Beginning at the southwest corner of Section 36, thence north 200 feet along the west line of said section, said line being also the Grantor's west property line; thence east 100 feet; thence south 200 feet to a point on the Grantor's south property line, said line being the south line of said section, said point being located 100 feet east of the southwest corner of the section along the section line; thence west 100 feet along said south section line to the point of beginning.

Containing 20,000 square feet or 0.46 acres, more or less.

Total acreage of easement is 3.55 acres, more or less.



State of Utah  
School and Institutional  
Trust Lands Administration

675 East 500 South #500  
Salt Lake City, UT 84102-2818  
Telephone No. (801)538-5100  
Fax No. (801)355-0922  
Web site: trustlands.utah.gov

Date: April 27, 2009

# ASSIGNMENT OF SURFACE CONTRACT (to a corporation or partnership)

STATE OF UTAH )  
 ) SS  
COUNTY OF WASHINGTON )

Contract Reference No. ESMT 285-A

Assignor's Name: Hildale City  
Address: P.O. Box 840490  
City: Hildale  
State: Utah Zip Code: 84784

I (We), being first duly sworn, do depose and say that I (we), for good and valuable consideration, do hereby assign to:

Name: Garkane Energy Cooperative, Inc.  
Address: 1802 South Highway 89A  
City: Kanab  
State: Utah Zip Code: 84741

a corporation incorporated in the State of \_\_\_\_\_ and qualified to do business in the State of Utah, 100% of my (our) rights, title, interest and privileges in the above-referenced instrument.

Legal Description: T \_\_\_\_\_, R \_\_\_\_\_, Sec \_\_\_\_\_ Further description (or attach separately):

See attached Exhibit A

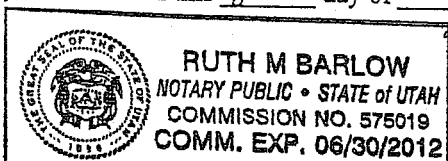
It is hereby certified that the information contained herein is true, complete and correct to the best of my (our) knowledge and belief and is supplied in good faith, and that the assignor has legal authority.

[Signature] Date: 6.8.09  
Assignor's Signature  
Title

\_\_\_\_\_  
Assignor's Signature  
Title

On this 8th day of June, 20 09, personally appeared before me David K. Zitting, Mayor, signer(s) of the above instrument, who duly acknowledged to me that he/she/they executed the same and has the authorization to do so.

Given under my hand and seal this 8th day of June, 20 09.  
(seal)



Ruth M. Barlow  
Notary Public  
Residing at: Washington Co., Utah  
My Commission Expires: 6/30/2012

**ASSIGNMENT NOT EFFECTIVE UNTIL SIGNED BY THE TRUST LANDS ADMINISTRATION**

This application must be accompanied by a \$250.00 fee per contract (SULA, ESMT, ROW, ROE, TA, and Certificates of Sale).  
Assignments are subject to Utah Administrative Rules R850 et seq. and the terms of the instrument.

ACCEPTANCE  
(Corporate or Partnership)

STATE OF Utah )  
COUNTY OF Salt Lake ) SS

(Company or Partnership) Garkane Energy Cooperative, Inc., hereby accepts the

assignment from Hildale City, subject to all of the covenants and obligations of the holder of said instrument.

Carl R. Albrecht  
Assignee's Signature  
Carl R. Albrecht  
Print Name

6/24/09  
Date  
CEO  
Title

On this 24<sup>th</sup> day of June, 20 09, personally appeared before me Carl R. Albrecht, an authorized representative of Garkane Energy Cooperative, Inc. and signer of the above instrument, who duly acknowledged to me that he/she executed the same.

Given under my hand and seal this 24<sup>th</sup> day of June, 20 09.  
(seal)

Carm Reeder  
Notary Public  
Residing at: Taylorsville, UT  
My Commission Expires: 1/21/2010

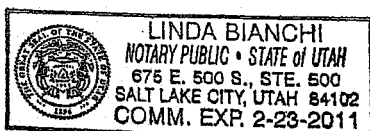
CONSENT

STATE OF UTAH )  
COUNTY OF SALT LAKE ) SS

The State of Utah, acting by and through the School and Institutional Trust Lands Administration, hereby consents to the assignment of the above referenced instrument as approved on May 11, 2009 (date of Director's Minutes).  
BY: Chris Jansett TITLE: Resource Specialist  
School and Institutional Trust Lands Administration

On this 17 day of June, 2009, personally appeared before me Chris Jansett, signer of the above instrument, who duly acknowledged to me that he/she executed the same.

Given under my hand and seal this 17 day of June, 2009.  
(seal)



Linda Bianchi  
Notary Public  
Residing at: \_\_\_\_\_  
My Commission Expires: 2/23/11

ASSIGNMENT NOT EFFECTIVE UNTIL SIGNED BY THE TRUST LANDS ADMINISTRATION

This application must be accompanied by a \$250.00 fee per contract (SULA, ESMT, ROW, ROE, TA, and Certificates of Sale).  
Assignments are subject to Utah Administrative Rules R850 et seq. and the terms of the instrument.

**EXHIBIT "A"**  
**Legal Description**

Washington County, Utah

Township 42 South, Range 12 West, SLB&M  
Section 16: S $\frac{1}{2}$ SW $\frac{1}{4}$  (within)

A 25 feet foot wide easement, being 12.5 feet on each side of the following described centerline:

Beginning at a point on the west section line, said point being located 577.01 feet north of the southwest corner of Section 16; thence N 60°41'45" E 70.71 feet; thence S 74°18'15" E 1841.56 feet; thence S 29°18'15" E 70.71 feet to a point on the south section line, said point being located 1909.54 feet east, more or less, of the southwest section corner.  
Containing 1.14 acres, more or less.

Township 42 South, Range 11 West, SLB&M  
Section 32: N $\frac{1}{2}$ NW $\frac{1}{4}$ , SE $\frac{1}{4}$ NW $\frac{1}{4}$  (within)

A 25 feet foot wide easement, being 12.5 feet on each side of the following described centerline:

Beginning at a point on the north section line, said point being located 16.16 feet east of the northwest corner of Section 32; thence S 54°15' E 2456.74 feet to a point located 1377.56 feet south and 695.32 feet west of the north  $\frac{1}{4}$  corner of said section; thence S 72°1'24" E 400 feet, crossing to the easterly side of the SR 59 Highway right-of-way, to a point located 1507.17 feet south and 319.14 feet west of the said north  $\frac{1}{4}$  corner; thence S 39°54'15" E 544.88 feet to a point on the Grantor's east property line, said point being located 1925.39 feet south of the said north  $\frac{1}{4}$  corner along the  $\frac{1}{4}$  section line.  
Containing 1.95 acres, more or less.

Township 41 South, Range 13 West, SLB&M  
Section 36: SW $\frac{1}{4}$ SW $\frac{1}{4}$  (within)

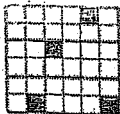
An easement measuring 100 feet by 200 feet, more particularly described as follows:

Beginning at the southwest corner of Section 36, thence north 200 feet along the west line of said section, said line being also the Grantor's west property line; thence east 100 feet; thence south 200 feet to a point on the Grantor's south property line, said line being the south line of said section, said point being located 100 feet east of the southwest corner of the section along the section line; thence west 100 feet along said south section line to the point of beginning.

Containing 20,000 square feet or 0.46 acres, more or less.

Total acreage of easement is 3.55 acres, more or less.





State of Utah  
School and Institutional  
Trust Lands Administration

675 East 500 South #500  
Salt Lake City, UT 84102-2818  
Telephone No. (801)538-5100  
Fax No. (801)355-0922  
Web site: trustlands.utah.gov

Date: April 27, 2009

# ASSIGNMENT OF SURFACE CONTRACT (to a corporation or partnership)

STATE OF UTAH )  
 ) SS  
COUNTY OF WASHINGTON )

Contract Reference No. ESMT 285-A

Assignor's Name: Hildale City  
Address: P.O. Box 840490  
City: Hildale  
State: Utah Zip Code: 84784

I (We), being first duly sworn, do depose and say that I (we), for good and valuable consideration, do hereby assign to:

Name: Garkane Energy Cooperative, Inc.  
Address: 1802 South Highway 89A  
City: Kanab  
State: Utah Zip Code: 84741

a corporation incorporated in the State of \_\_\_\_\_ and qualified to do business in the State of Utah, \_\_\_\_\_ 100% of my (our) rights, title, interest and privileges in the above-referenced instrument.

Legal Description: T \_\_\_\_\_, R \_\_\_\_\_, Sec \_\_\_\_\_ Further description (or attach separately):

See attached Exhibit A

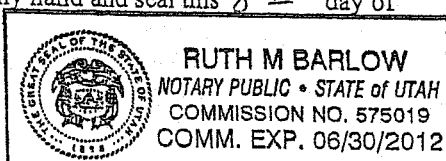
It is hereby certified that the information contained herein is true, complete and correct to the best of my (our) knowledge and belief and is supplied in good faith, and that the assignor has legal authority.

[Signature] Date: 6.8.09  
Assignor's Signature  
Title

\_\_\_\_\_  
Assignor's Signature  
Title

On this 8th day of June, 20 09, personally appeared before me David K Zitting, Mayor, signer(s) of the above instrument, who duly acknowledged to me that he/she/they executed the same and has the authorization to do so.

Given under my hand and seal this 8th day of June, 20 09.  
(seal)



Ruth M. Barlow  
Notary Public  
Residing at: Washington Co., Utah  
My Commission Expires: 6/30/2012

**ASSIGNMENT NOT EFFECTIVE UNTIL SIGNED BY THE TRUST LANDS ADMINISTRATION**

This application must be accompanied by a \$250.00 fee per contract (SULA, ESMT, ROW, ROE, TA, and Certificates of Sale).  
Assignments are subject to Utah Administrative Rules R850 et seq. and the terms of the instrument.

ACCEPTANCE  
(Corporate or Partnership)

STATE OF Utah )  
COUNTY OF SALT LAKE ) SS

(Company or Partnership) Garkane Energy Cooperative, Inc., hereby accepts the  
assignment from Hildale City, subject to all of the covenants and obligations of the holder of  
said instrument.

Carl K. Albrecht  
Assignee's Signature  
Carl K. Albrecht  
Print Name

6/24/09  
Date  
CEO  
Title

On this 24<sup>th</sup> day of June, 20 09, personally appeared before me Carl R. Albrecht, an  
authorized representative of Garkane Energy Cooperative, Inc. and signer of the above instrument, who duly  
acknowledged to me that he/she executed the same.

Given under my hand and seal this 24<sup>th</sup> day of June, 20 09.  
(seal)

Carmen Reeder  
Notary Public  
Residing at: Taylorville, UT  
My Commission Expires: 11/21/2010

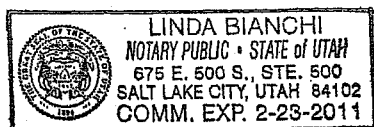
CONSENT

STATE OF UTAH )  
COUNTY OF SALT LAKE ) SS

The State of Utah, acting by and through the School and Institutional Trust Lands Administration, hereby consents to the  
assignment of the above referenced instrument as approved on May 11, 2009 (date of Director's Minutes).  
BY: Chris Fausett TITLE: Resource Specialist  
School and Institutional Trust Lands Administration

On this 17 day of June, 20 09, personally appeared before me Chris Fausett,  
signer of the above instrument, who duly acknowledged to me that he/she executed the same.

Given under my hand and seal this 17 day of June, 20 09.  
(seal)



Linda Bianchi  
Notary Public  
Residing at: \_\_\_\_\_  
My Commission Expires: 2/23/11

ASSIGNMENT NOT EFFECTIVE UNTIL SIGNED BY THE TRUST LANDS ADMINISTRATION

This application must be accompanied by a \$250.00 fee per contract (SULA, ESMT, ROW, ROE, TA, and Certificates of Sale).  
Assignments are subject to Utah Administrative Rules R850 et seq. and the terms of the instrument.

**EXHIBIT "A"**  
**Legal Description**

Washington County, Utah

Township 42 South, Range 12 West, SLB&M  
Section 16: S½SW¼ (within)

A 25 feet foot wide easement, being 12.5 feet on each side of the following described centerline:

Beginning at a point on the west section line, said point being located 577.01 feet north of the southwest corner of Section 16; thence N 60°41'45" E 70.71 feet; thence S 74°18'15" E 1841.56 feet; thence S 29°18'15" E 70.71 feet to a point on the south section line, said point being located 1909.54 feet east, more or less, of the southwest section corner. Containing 1.14 acres, more or less.

Township 42 South, Range 11 West, SLB&M  
Section 32: N½NW¼, SE¼NW¼ (within)

A 25 feet foot wide easement, being 12.5 feet on each side of the following described centerline:

Beginning at a point on the north section line, said point being located 16.16 feet east of the northwest corner of Section 32; thence S 54°15' E 2456.74 feet to a point located 1377.56 feet south and 695.32 feet west of the north ¼ corner of said section; thence S 72°1'24" E 400 feet, crossing to the easterly side of the SR 59 Highway right-of-way, to a point located 1507.17 feet south and 319.14 feet west of the said north ¼ corner; thence S 39°54'15" E 544.88 feet to a point on the Grantor's east property line, said point being located 1925.39 feet south of the said north ¼ corner along the ¼ section line. Containing 1.95 acres, more or less.

Township 41 South, Range 13 West, SLB&M  
Section 36: SW¼SW¼ (within)

An easement measuring 100 feet by 200 feet, more particularly described as follows:

Beginning at the southwest corner of Section 36, thence north 200 feet along the west line of said section, said line being also the Grantor's west property line; thence east 100 feet; thence south 200 feet to a point on the Grantor's south property line, said line being the south line of said section, said point being located 100 feet east of the southwest corner of the section along the section line; thence west 100 feet along said south section line to the point of beginning.

Containing 20,000 square feet or 0.46 acres, more or less.

Total acreage of easement is 3.55 acres, more or less.

EXHIBIT "H"  
TO THE  
AGREEMENT FOR PURCHASE AND SALE  
OF MUNICIPAL ELECTRICITY DISTRIBUTION SYSTEMS

ASSIGNMENT OF RIGHTS

[SEE EXHIBIT "E" BILL OF SALE, ASSIGNMENT  
AND ASSUMPTION AGREEMENT]

EXHIBIT "T"  
TO THE  
AGREEMENT FOR PURCHASE AND SALE  
OF MUNICIPAL ELECTRICITY DISTRIBUTION SYSTEMS

ASSUMPTION DOCUMENT

[SEE EXHIBIT "E" BILL OF SALE, ASSIGNMENT  
AND ASSUMPTION AGREEMENT]

EXHIBIT "J"

TO THE

AGREEMENT FOR PURCHASE AND SALE

OF MUNICIPAL ELECTRICITY DISTRIBUTION SYSTEMS

COMPREHENSIVE FRANCHISE AGREEMENT

HILDALE, UTAH

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE GRANTING AN ELECTRIC UTILITY FRANCHISE TO  
GARKANE ENERGY COOPERATIVE, INC.

WHEREAS, Garkane Energy Cooperative, Inc. (the "Company") has offered to purchase from Hildale City (the "City") and the City has agreed to sell to Garkane, substantially all of the City's electric distribution utility system and transmission system (the "Sale"); and

WHEREAS, as a condition of the Sale, the Company desires to receive from the City an exclusive contractual franchise to operate an electric distribution and transmission system within the corporate limits of the City, as such limits may be modified through annexation from time to time; and

WHEREAS, the City Council of Hildale, Utah desires to grant to Garkane Energy Cooperative, Inc. such a franchise on terms and conditions set forth in this ordinance; and

THE CITY COUNCIL OF HILDALE, UTAH HEREBY ORDAINS AS FOLLOWS:

1. Short Title. This ordinance shall be known and may be cited as the "Garkane Electric Distribution Franchise Ordinance."
2. Definitions. For the purposes of this ordinance, the following terms, phrases, words, and their derivations shall have the meaning given herein.
  - a. "City" is the city of Hildale, Utah.
  - b. "Company" is Garkane Energy Cooperative, Inc., a Utah corporation, the grantee of rights under this Franchise, and its successors and assigns.
  - c. "Council" is the City Council of Hildale, Utah.
  - d. "Person" is any person, firm, partnership, association, corporation, company or organization of any kind.
  - e. "Prudent Utility Practice" is any of the practices, methods and acts, as changed from time to time, engaged in or approved by a significant portion of the electric utility industry to operate electrical equipment lawfully and in a safe, dependable, efficient and economic manner, or any practices, methods and acts which, in the exercise of reasonable judgment in the light of the known facts, could be expected to accomplish the desired result at reasonable costs and consistent with reliability, safety and expedition and the requirements of governmental agencies having jurisdiction. Prudent Utility Practices are not intended to be limited either to the optimum or least costly practice, method or act to the exclusion of all others, but rather to be a range of reasonable practices, methods or acts.

- f. "Franchise" is the right, authority, and contractual undertakings granted to the Company in Section 4 and 5.
  - g. "Franchise Area" is all of the area currently within the corporate limits of the City and any area annexed into the corporate limits of the City during the term of this Franchise.
  - h. When not inconsistent with the context, words used in the present tense include the future, words in the plural number include the singular number, and words in the singular number include the plural number. The word "shall" is always mandatory and not merely directory.
3. Purpose and Effect. The Purpose of this ordinance is to provide authority to the Company to use City streets, roads, alleys and other public ways within the Franchise Area and to set forth the terms of the agreement between the City and the Company for the grant of an exclusive contractual franchise to the Company for the purpose of distributing retail electrical power and energy to residents, businesses, and Persons located within the Franchise Area. By filing acceptance as provided in Section 15, the Company accepts all of the terms of this ordinance and agrees to comply with, and be bound by, all of the terms hereof, whereupon the Company and the City shall be bound contractually to the terms of the Franchise granted hereby.
4. Grant of Authority. There is hereby granted by the City to the Company the right and privilege to do the following:
- a. Construct, erect, relocate, upgrade, operate and maintain in, upon, along, across, above, over and under streets, roads, alleys and other public ways now laid out or dedicated, and all extensions, additions, improvements or upgrades thereof in the Franchise Area. Poles, wires, cables, underground conduits, manholes and other electric fixtures necessary or proper for the construction, maintenance and operation in the Franchise Area of an electric distribution and transmission system, and such other services as are generally provided to members of the Company, including any and all wires and associated equipment connected therewith.
  - b. Supply, sell, distribute and furnish electrical power and energy, associated services, and such other incidental electrical services as generally are provided or offered to the members of the Company at retail in the Franchise Area.
  - c. Provide such additional services, perform or make such additional improvements, and construct such additional facilities as may from time to time be required by applicable federal, state, or local law with respect to any activities of the Company within the Franchise Area related to its electric distribution and transmission system.
5. Exclusive Franchise. This Franchise is an exclusive franchise to the extent that the Company has been granted an exclusive certificate by the Utah Public Service Commission to service any part or all of the Franchise Area and for so long as such exclusive certificate remains in full force and effect. The City will not grant a franchise in the Franchise Area to any other Person in that same business. Notwithstanding the foregoing, this Franchise shall be non-exclusive as to all services other than constructing, maintaining and operating an electric distribution and transmission system in all portions



of the Franchise Area. The City shall not directly or indirectly, during the term of the Franchise, undertake in any manner to sell, supply, distribute or furnish electric power and energy for retail for end use consumption to any Person located within the Franchise Area, except as required by federal or state statute; provided that the City shall not exercise any option it may have under such statutes in a way that would have the effect of nullifying its commitment under this provision, if it can reasonably avoid doing so in a manner consistent with its obligations to its citizens.

6. Compliance with Applicable Laws and Ordinances. The Company shall, at all times during the term of this Franchise, be subject to and shall comply with all lawful exercise of the police power by the City, such lawful regulation of general and non-discriminatory application as the City shall from time to time by resolution or ordinance provided, and all rules and regulations of any other governing authority having jurisdiction. The Company shall, at all times during the term of this Franchise, furnish and supply electric power and energy to residents of the City within the Franchise Area in such a manner as shall be reasonably calculated to satisfy any legal obligation of the City to provide for such utility service within the corporate limits of the City. Company will construct facilities to the Rural Utility Service (formerly REA) standard and specifications and to the requirements of the National Electrical Safety Code (NESC), which are acceptable to City. In particular, the Company represents and warrants that it shall use its best efforts to upgrade and maintain its electric distribution system in the Franchise Area as necessary to provide retail electric service to its members located within the Franchise Area that is similar in quality and reliability to the service that other members of the Company receive, except as may be otherwise agreed between the Company and the City. Taxes and fees imposed on the Company by the City shall not be included in such service rate comparison. In particular, the Company shall comply with the requirements set forth in APPENDIX B with respect to the construction, installation, maintenance, repair and replacement of its electric transmission and distribution facilities within the Franchise Area.

Furthermore, the Company shall notify the City no less than 10 days in advance of any capital expenditures in excess of \$100,000 that it intends to make during any calendar quarter on repairs, replacements or upgrades of its distribution facilities in the Franchise Area after a notice of termination of this Franchise has been given in accordance with Section 12.

The Company shall follow Prudent Utility Practice in maintaining and making capital expenditures in the repair and replacements or upgrades of the distribution facilities in the Franchise Area. Company shall maintain emergency repair service available to City customers on a twenty-four (24) hour per day, seven (7) days per week basis. Such emergency service shall be available on a 24 hour basis.

Company shall establish an office for receipt of payment and customer service in Hildale or Colorado City for a minimum period of three years from the effective date of this agreement. Continuation of the office after the initial period shall be at the discretion of Company.

7. Fees, Taxes and Assessments. The Company shall pay any Franchise fees, lawful taxes, other fees, charges or assessments adopted by the City from time to time during the term of this Franchise, including without limitation any Municipal Energy Sales and Use Tax levied and collected by or on behalf of the City pursuant to Utah Code Section 10-1-301

et seq. on the delivered value of electric power and energy sold by the Company to members and customers within the Franchise Area. The Company may include any such taxes, fees, charges and assessments in its rates or bills to the customers in the Franchise Area.

8. Rights-of-Way. As part of the Franchise granted pursuant to Section 4 and 5, the City also grants to the Company a license to use all electric rights-of-way owned by the City across private property.
9. Company Liability – Indemnification. The City shall not be liable or responsible for any accident or damage that may occur in the construction, operation or maintenance by the Company of its transmission or distribution facilities. The acceptance of this Franchise shall be deemed an agreement on the part of the Company to indemnify the City and hold it harmless against any and all liability, loss, cost, damage and expense (including, without limitation, attorneys' fees) which may accrue to the City by reason of the negligence, fault or misconduct of the Company, its agents or employees, or violation of any applicable environmental regulations or standards, in the construction, operation, maintenance or removal and disposal of the Company's transmission and distribution facilities under this Franchise, provided however, that nothing herein shall expand or otherwise set forth in or pursuant to applicable law.
10. Assignment or Transfer. This Franchise and the rights hereunder are non-transferable and non-assignable, except as such assignment or transfer is approved by the City in writing.
11. City Rights in Franchise Area. Notwithstanding anything to the contrary herein, the City shall have the following rights to use the Company's system within the corporate limits of the City:
  - a. Use of System by City. The City shall have the right, during the term of this Franchise, free of charge, where aerial construction exists, of maintaining upon the poles of the Company within the City limits wire and pole fixtures necessary for a police, fire alarm and communication system, for the City's own municipal use, for City employees or municipal facilities, such wires and fixtures to be constructed and maintained to the satisfaction of the Company and in accordance with its specifications. All such construction and maintenance must be in conformance to Rural Utility Services, National Electrical Safety Code, and Garkane's requirements. The City will be responsible for any cost associated with modifications, upgrades, extensions, or replacements of the Company's facilities necessary to accommodate the City's facilities.
    - i. Compliance with Company Rule. The City in its use and maintenance of such wires and fixtures shall at all times comply with the rules and regulations of the Company so that there may be a minimum danger of contact or conflict between the wires and fixtures of the Company and the wires and fixtures by the City.
    - ii. Liability. The City shall be solely responsible for all damage to Persons or property arising out of the construction or maintenance of said wires and fixtures authorized by this Paragraph (a) and shall indemnify and save the Company harmless from all claims and demands whatsoever arising out of

the attachment, maintenance, use, change or removal of said wires and fixtures. In case of rearrangement of the of the Company plant or removal of poles or fixtures, the City shall indemnify and save the Company harmless from any damage to Persons or property arising out of the removal or construction of the City's wires or other fixtures. The City shall be solely responsible for the cost of relocating, maintaining, and operating any wire or fixtures authorized by this Paragraph (a). Notwithstanding anything to the contrary in this Paragraph (a), in no event shall the City be responsible for or have any obligation to indemnify or save harmless any Person for damage, destruction or other loss to the extent that such loss is the result of any negligence on the part of the Company or its agents or employees.

- b. Supervision and Inspection of Company System. The City shall have the right to supervise all construction or installation work performed subject to the provisions of this Franchise and to make such inspections as it shall find necessary to insure compliance with governing ordinances. The Company shall correct any construction or installation found by the City not to be in compliance with this Franchise or other applicable ordinances. Nothing herein shall create any obligation of the City to the Company or any third party, or give rise to a claim for failure to supervise or inspect or to a claim for improper inspection, supervision direction.
12. Procedure after Termination or Revocation. Upon the revocation of this Franchise, or at the end of the term of this Franchise, all rights, duties, and obligations or undertakings of the Company under this Franchise shall terminate. The City shall have the right to determine whether the Company may continue to operate and maintain its electric distribution and transmission system within the Franchise Area pending the decision of the City as to the Future maintenance and operation of the Company's electric distribution and Company to remove any portion of its system or to cease providing service to any part of the Franchise Area, then absent a written agreement between the City and the Company, the City shall be deemed to have directed removal of the system from the entire Franchise Area at that time. In the event the City shall so direct in writing, the Company shall remove all of its poles, wires, cables, underground conduit, manholes and other electric fixtures, and shall restore the streets and other premises from which they are removed. The City shall reasonably cooperate with and not interfere in the Company's right to remove its property, plant and equipment. Nothing in this paragraph shall be deemed or decreed to be consent by the Company to the City's use of the Company's poles, wires and other facilities to provide electrical service to citizens of the City.
13. Inspection Obligation. The right of the City to supervise and/or inspect the work or facilities of the Company shall impose no obligation upon the City to discover or correct any defects in the work or facilities of the Company.
14. Records and Reports. During the term of the Franchise, the City shall have access at all reasonable hours to all the Company's , financial, and statistical, records relating to the properties and the operation of the Company within the Franchise Area. The Company shall provide to the City within 60 days after the end of each year an annual summary report, which summary report shall be certified by the duly elected President or Chief Financial Officer of the Company, showing the gross revenues received by the Company from its operations within the City during the prior year and such other information as the

City shall request with respect to properties and expenses related to the Company's service within the City.

15. Effective Date and Term. The Franchise shall take effect when the Company executes this ordinance in the space below and delivers the executed ordinance to the City Recorder and upon the final closing of the Company's acquisition of the Twin Cities System (contingent of the full, complete, and permanent release and discharge of the City from any and all debts, liabilities, obligations or claims of any kind or nature whatsoever by or through Colorado City and/or the bondholders.) The Franchise shall continue in force and effect for a term of thirty (30) years after the effective date, unless sooner terminated as provided herein.
16. Forfeiture. In the event the Company fails to comply with any of the provisions of this Franchise and that failure continues for a period of thirty (30) days after written notice by the City to Company, all rights of the Company under this Franchise may be terminated by the City upon written notice of termination, and the term of the Franchise shall thereupon cease.
17. Revocation and Replacement. By its adoption of this Franchise, the City hereby repeals and replaces conflicting ordinances.
18. Notice. All notices required to be given in writing under this ordinance shall be deemed to be given when a registered or certified mail is received by a party addressed as follows:

Hildale City: City Recorder's Office  
Hildale City  
P O Box 840490  
Hildale, UT 84784-0490

Garkane: General Manager  
Garkane Energy  
1802 South Highway 89A  
Kanab, UT 84741

PASSED the \_\_\_\_ day of \_\_\_\_, 2009

CERTIFIED AND ACCEPTED:

\_\_\_\_\_  
MAYOR, HILDALE CITY

ATTEST:

\_\_\_\_\_  
CITY RECORDER

ACCEPTED:

GARKANE ENERGY COOPERATIVE, INC.

By: \_\_\_\_\_

Title: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
SECRETARY

Date accepted: \_\_\_\_\_, 2009

APPENDIX A  
MAP OF HILDALE CITY

## APPENDIX B

### PHYSICAL REQUIREMENTS

- (a) **Use.** Before constructing any facilities in the streets, roads, alleys, and other public ways and places of the City for non-emergency construction, the Company shall apply for and obtain from the City such permit or permits as are required by the City for work in the public rights of way and shall secure written approval of the location of such facilities from the City. The City, except in an emergency, shall provide such written approval within 14 days of any such construction request except the City shall state reasons for withholding such approval in writing, which reasons may not be arbitrary or unreasonable. All transmission and distribution structures, lines and equipment erected by the Company within the City shall be erected and placed in accordance with applicable safety codes and regulations and shall be so located as to cause minimum interference with the proper use of streets, roads, alleys, and other public ways and places, to cause minimum interference with the rights or reasonable convenience of property owners who adjoin any of the said streets, roads, alleys, or other public ways and places. The Company shall not cause any interference with or damage to the water lines, sewers, gas lines, fiber lines, conduits or other property of the City or the property of any other utility in the City, provided such facilities are adequately marked or located by the owner of such facilities.
- (b) **Restoration.** In case of any disturbance of pavement, sidewalk, driveway or other surfacing, the Company shall, at its own cost and expense and in a manner approved by the City, replace and restore all paving, sidewalk, drive or surface of any street or alley disturbed in as good condition as before said work was commenced, and shall maintain the restoration in an approved condition for a period of two (2) years. If the Company fails to so make and maintain the restoration, the City may perform the necessary work and the Company shall reimburse the City for the cost thereof.
- (c) **Relocation.** In the event that, at any time during the period of this Franchise, the City shall lawfully elect to alter, or change the grade of, any street, alley or other public way, the Company upon reasonable notice by the City shall remove and relocate the Company's poles, wires, cables and other fixtures at the City's expense of Company's actual costs. If Company decides to upgrade the relocated facility due to actions of the City, Company will credit City for the difference in costs between the upgraded facility and the original facility. In the event that Company elects to relocate or upgrade a facility then Company will relocate facilities at Company's expense.
- (d) **Temporary Removal of Wire for Building Moving.** The Company shall, on the request of any person holding a building moving permit issued by the City, temporarily raise or lower its wires to permit the moving of buildings. The person requesting the same shall pay the expense of such temporary removal, raising or lowering of wires, and the Company shall have the authority to require such payment in advance. In addition, the Company may require not less than forty-eight hours advance notice to arrange for such temporary wire changes. Any cutting, removing and adjusting of wires and poles shall be done at such time of the day or night as will least interfere with the public use of the Company's electric service.
- (e) **Tree Trimming.** The Company shall have the authority to trim trees upon and overhanging streets, alleys, sidewalks and public places of the City so as to prevent the branches of such trees from coming in contact with the wires and cables of the Company; provided that the Company shall promptly remove and dispose of all branches and leaves cut pursuant to this authority. All trimming shall be at the expense of the Company.

(f) **Poles.** All poles shall be set in straight lines so far as reasonably practicable. All abandoned poles shall be removed as soon as the use thereof is discontinued.

(g) **Environmental Compliance.** The Company shall be solely responsible for compliance with all applicable environmental protection regulations and requirements relating to its activities and facilities in the Franchise Area.

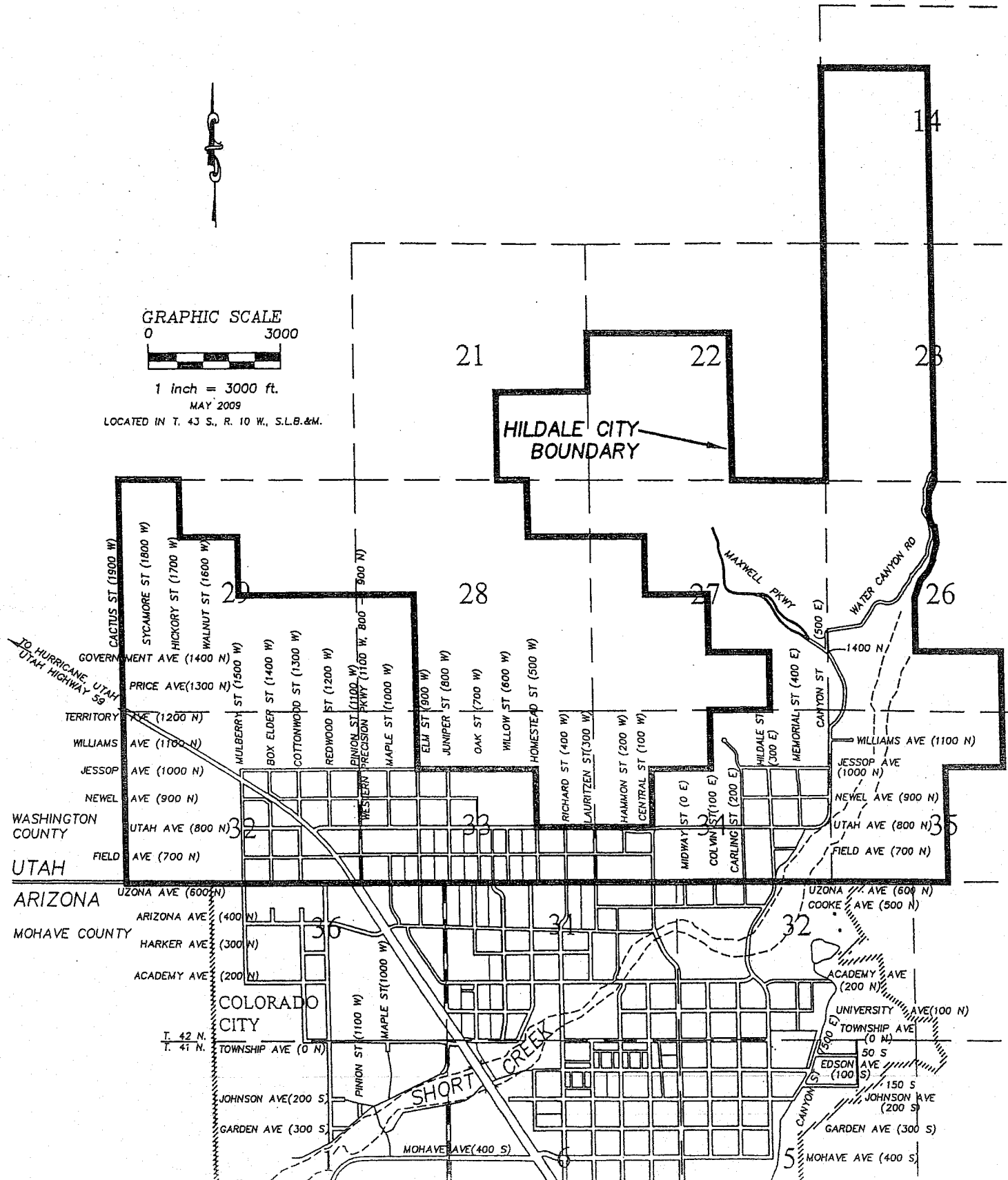
(h) **Maps of Distribution System.** Upon reasonable request, Company shall provide to the City, on a project specific basis, information indicating the horizontal location, in compliance with One-Call regulation, relative to the boundaries of the right-of-way, of all equipment which it owns or over which it has control and which is located in the project right-of-way. Mapping information provided to the City by the Company shall be for the exclusive use of the City in administering the use and occupancy of the public rights-of-way within the City.



# HILDALE CITY, UTAH



1 inch = 3000 ft.  
MAY 2009  
LOCATED IN T. 43 S., R. 10 W., S.L.B.&M.



**CORPORATE LIMITS  
OF THE  
CITY OF HILDALE, UTAH**

May 22, 2009

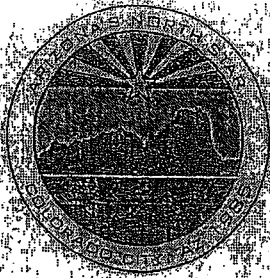
**Description**

The following described parcels located in Township 43 South, Range 10 West, Salt Lake Base and Meridian:

- Section 14: The southwest quarter; the south half of the northwest quarter.
- Section 21: The southeast quarter of the southeast quarter; the east half of the southwest quarter of the southeast quarter; the south half of the northeast quarter of the southeast quarter; the southeast quarter of the northwest quarter of the southeast quarter.
- Section 22: The southwest quarter; the west half of the west half of the southeast quarter; the southwest quarter of the southwest quarter of the northeast quarter; the south half of the south half of the northwest quarter.
- Section 23: The west half.
- Section 26: The southwest quarter of the southeast quarter; The southeast quarter of the southwest quarter; The southwest quarter of the southwest quarter; The northwest quarter of the southwest quarter; The west half of the northeast quarter of the southwest quarter; ALSO: Beginning at the west quarter corner of Section 26, THENCE North 89°59'22" East 1,980.00 feet along the quarter-section line; thence North 19°15'22" East 420.44 feet; thence North 39°36'11" East 286.87 feet; thence North 25°30'09" East 253.13 feet; thence North 43°09'10" West 18.49 feet; thence North 13°59'47" East 409.10 feet; thence North 06°13'06" West 355.00 feet; thence North 77°50'48" West 30.11 feet; thence North 25°33'48" West 179.49 feet; thence North 10°33'08" West 151.31 feet; thence North 01°00'47" East 428.37 feet; thence North 25°30'50" East 315.50 feet to a point on the north line of said Section 26; thence West 2,468.00 feet along said section line to the northwest corner of said Section 26; thence South 00°01' East 2,640.18 feet along the section line to the POINT OF BEGINNING, CONTAINING approximately 141 acres.
- Section 27: The north half of the northwest quarter; the southeast quarter of the northwest quarter; the northeast quarter; the north half of the southeast quarter; the southeast quarter of the southeast quarter.
- Section 28: The northeast quarter of the northeast quarter; the west half of the southwest quarter.
- Section 29: The south half; the south half of the northwest quarter; the northwest quarter of the northwest quarter.
- Section 32: The entire section.

- Section 33: The south half of the northwest quarter; the northwest quarter of the northwest quarter; the southwest quarter of the northeast quarter; Sectional Lots 1, 2, 3, and 4.
- Section 34: The northeast quarter; the southeast quarter of the northwest quarter; Sectional Lots 1, 2, 3, and 4.
- Section 35: The west half; the northwest quarter of the northeast quarter.

TOTALLING ROUGHLY 3500 ACRES.



## TOWN OF COLORADO CITY

P.O. Box 70 \* Colorado City, Arizona 86021

Phone: 928-875-2646 \* Fax: 928-875-2778

December 30, 2008

Steven B. Horton, Esq.  
Mangum, Wall, Steops & Warden PLLC  
100 North Elden Street  
P.O. Box 10  
Flagstaff, AZ 86002-0010

### RE: GARKANE FRANCHISE AGREEMENT

Dear Mr. Horton

Enclosed are three originals of the Garkane Energy Cooperative, Inc. Franchise Agreement that was approved by the Town Council on October 4<sup>th</sup> and the voters of The Town of Colorado City at the November election. These agreements have been signed by Mayor Johnson and need to be reviewed signed by you and returned to me at the Town office.

If you have any questions or concerns please call me or email to [clerk@tocc.us](mailto:clerk@tocc.us)

Thank You

Vance Barlow  
Town Clerk

Enclosed:

Three originals of the Ordinance No. 2008-03 Franchise agreement with Garkane Energy Cooperative, Inc.

TOWN OF COLORADO CITY, ARIZONA

ORDINANCE NO. 2008-03

AN ORDINANCE GRANTING AN ELECTRIC UTILITY FRANCHISE TO GARKANE ENERGY COOPERATIVE, INC.

AN ORDINANCE GRANTING GARKANE ENERGY COOPERATIVE, INC. A UTAH CORPORATION, THE RIGHT, PRIVILEGE AND FRANCHISE TO CONSTRUCT, MAINTAIN AND OPERATE UPON, OVER, ALONG, ACROSS AND UNDER THE STREETS, AVENUES, ALLEYS, HIGHWAYS, BRIDGES AND OTHER PUBLIC RIGHTS-OF-WAY IN THE TOWN OF COLORADO CITY, ARIZONA, ITS ELECTRIC DISTRIBUTION AND TRANSMISSION SYSTEM AND NECESSARY APPURTENANCES FOR THE PURPOSE OF SUPPLYING ELECTRICAL POWER TO THE TOWN, ITS SUCCESSORS, THE INHABITANTS THEREOF, AND INDIVIDUALS AND ENTITIES WITHIN THE LIMITS THEREOF, PRESCRIBING CERTAIN RIGHTS, DUTIES, TERMS AND CONDITIONS, PROVIDING FOR THE SUBMISSION HEREOF TO THE ELECTORS FOR THEIR APPROVAL, AND DECLARING AN EMERGENCY.

WHEREAS, Garkane Energy Cooperative, Inc., a Utah corporation, (the "Company") has offered to purchase from The Town of Colorado City (the "Town"), and the Town has agreed to sell to the Company, all of the Town's electric distribution utility system (the "Sale"); and

WHEREAS, as a condition of the Sale, the Company desires to receive from the Town a contractual franchise to operate an electric distribution and transmission system within the corporate limits of the Town, as such limits may be modified through annexation from time to time; and

WHEREAS, the Town Council of Colorado City, Arizona desires to grant to the Company such a franchise on terms and conditions set forth in this ordinance;

THEREFORE, be it ordained by the Mayor and Council of the Town of Colorado City, Arizona, as follows:

1. Repealing and Replacing. This ordinance repeals and replaces conflicting ordinances.
2. Grant of Franchise. There is hereby granted by the Town to the Company and its successors and assigns the right and privilege to do the following:
  - a. Construct, erect, maintain, relocate, upgrade and operate its electric distribution and transmission system, as defined herein, upon, over, along, across, above and under the present and future public rights-of-ways (herein called "Franchise Area").
    - i. The electric distribution and transmission system includes all poles, wires, cables, underground conduits, manholes and other electric fixtures necessary or proper for the construction, maintenance and operation of the system.
    - ii. The present and future rights-of-way include, but are not limited to, streets, alleys, highways, bridges and other public ways now laid out or dedicated, and all extensions, additions, improvements or upgrades thereof within the limits of the Town, and any part thereof, either as now located and as may be hereafter or extended within the present or any future limits of the Town. The Town also grants

to the Company a license to use all rights-of-way and easements owned by the Town across private property.

- b. Use of the Town's public rights-of-way to supply, distribute and furnish electrical power and energy, associated services to Town, its successors, the inhabitants thereof, and all individuals and entities either within or beyond the limits thereof, for all purposes.
- c. Provide such additional services, perform or make such additional improvements and construct such additional facilities as may from time to time be required by applicable federal, state, or local law with respect to any activities of the Company or which may be necessary to provide service to existing or future customers within the Franchise Area related to its electric distribution and transmission system.

### 3. Non-Exclusive Franchise

- a. This Franchise is a non-exclusive franchise to the extent that the Company has been granted a certificate by the Arizona Corporation Commission to service any part or all of the Franchise Area and for so long as such certificate remains in full force and effect. Given the non-exclusive nature of this Franchise, nothing contained herein shall be construed to prevent the City from granting other like or similar grants or privileges to any other person, firm or corporation.
- b. The Town shall not directly or indirectly, during the term of the Franchise, undertake in any manner to sell, supply, distribute or furnish electric power and energy for retail or end-use consumption to any Person located within the Franchise Area, except as required by federal or state statute; provided that the Town shall not exercise any option it may have under such statutes in a way that would have the effect of nullifying its commitment under this provision, if it can reasonably avoid doing so in a manner consistent with its obligations to its citizens.

### 4. Compliance With Applicable Laws and Ordinances

- a. The Company shall, at all times during the term of this Franchise, be subject to and shall comply with all lawful exercise of the police power by the Town, such lawful regulation of general and non-discriminatory application as the Town shall from time to time by resolution or ordinance provide, and all rules and regulations of any other governing authority having jurisdiction.
- b. The Company shall, at all times during the term of this Franchise, furnish and supply electric power and energy to residents of the Town within the Franchise Area in such a manner as shall be reasonably calculated to satisfy any legal obligation of the Town to provide for such utility service within the corporate limits of the Town.

In particular, the Company represents and warrants that it shall use its best efforts to upgrade and maintain its electric distribution system in the Franchise Area as necessary to provide retail electric service to its members located within the Franchise Area that is similar in quality and reliability to the service that other members of the Company receive.



5. Compliance with Town Practices

- a. The Company shall perform all construction under this Franchise in accordance with the National Electrical Safety Code, Rural Electrification Administration design and construction standards, and Service Rules and Regulations as approved by the Arizona Corporation Commission (collectively the "Rules and Regulations"). The Town will not enact or apply any requirements that would require the Company to violate the Rules and Regulations. The Town will consult with the Company prior to adopting any special standards or requirements in excess of the Rules and Regulations. Without limitation, the Company shall comply with requirements of the Town regarding street cuts. Such construction shall be completed within a reasonable time.
- b. Before the Company makes any installations in the public rights-of-way, the Company shall apply for and obtain from the Town such permit or permits as are required by the Town for work in the public rights-of-way, and submit for approval a map showing the location of such proposed installations to the Town. The Town shall issue such permit or permits to the Company on such conditions as are reasonable and necessary to ensure compliance with the terms and conditions of this Franchise. The Town shall issue such permits within ten (10) working days of their submittal and shall not unreasonably deny the issuance of such permits.
- c. If the Town undertakes, either directly or through a contractor, any construction project adjacent to the Company's electric distribution and transmission system operated pursuant to this Franchise, the Town shall notify the Company of such construction project, during the design phase of the project. The Town will coordinate its construction schedule with the Company. The Company will take steps as are reasonably necessary to maintain safe conditions throughout the construction project, including, but not limited to the temporary removal or barricading of the Company's system or equipment, the location of which may create an unsafe condition in view of the equipment to be utilized or the methods of construction to be followed by the Contractor, at the Town's cost.

6. Construction and Relocation of Company's Facilities

- a. All electric distribution and transmission system facilities installed or constructed pursuant to this Franchise shall be located and erected as to (i) minimize the interference with the proper use of streets, roads, alleys, parks and other public ways and places, and (ii) cause minimum interference with the rights or reasonable convenience of property owners who adjoin any of the said streets, roads, alleys, parks or other public ways and places in the Town. For the purposes of this Section the location of all electric distribution and transmission facilities in place upon the Effective Date are deemed to be approved by the Town.
- b. The Town shall have the right to inspect all phases of construction or installation work performed, subject to the provisions of this Franchise ensure compliance with governing ordinances. The Company shall correct any construction or installation found by the Town not to be in compliance with this Franchise or other applicable Rules and Regulations. Nothing herein shall create any obligation of the Town to the Company or any third party, or

give rise to a claim for failure to supervise or inspect or to a claim for improper inspection supervision direction.

- c. The Company shall not install, construct, maintain or use its electric distribution and transmission system in a manner that damages or interferes with any existing facilities of another utility located in the public right-of-way.
- d. The Company shall keep accurate installation records of the location of all electric distribution and transmission system facilities in the public rights-of-way and furnish them to the Town upon request. Upon completion of new or relocation construction of underground facilities in the public rights-of-way, the Company shall provide the Town with corrected drawings showing the actual location of the underground facilities in those cases where the actual location differs from the proposed location. The Company shall maintain installation records pursuant to Arizona Revised Statutes Section 40-360.30.
- e. All underground abandoned lines shall continue to remain the property of the Company, unless the Company specifically acknowledges otherwise to the Town Engineer and such is accepted by the Town.
- f. If the Town participates in the cost of relocating the Company's electric distribution and transmission system facilities for any reason, the cost to the Town shall be limited to those costs and expenditures reasonably incurred for relocating such facilities in accordance with the Rules and Regulations. Costs to the Town for relocation of the Company's electric distribution and transmission system facilities shall not include any upgrade or improvement of the Company's electric distribution and transmission system as it existed prior to relocation unless so agreed upon by the Town. Prior to payment by the Town, the Company shall provide an itemization of such costs and expenditures.
- g. The Town will not exercise its right to require the Company's electric distribution and transmission system to be relocated in an unreasonable or arbitrary manner, or to avoid its obligations under this Franchise.

7. Restoration of Rights-of-Way

- a. If, in the installation, use or maintenance of its electrical distribution or transmission system the Company damages or disturbs the surface or subsurface of any public road or adjoining public property or the public improvement located thereon, therein, or thereunder, the Company shall promptly, at its own expense, and in a manner acceptable to the Town, restore the surface or subsurface of the public road or public property, or repair or replace the public improvement thereon, therein, or thereunder, in as good a condition as before such damage or disturbance, or as may be required by construction standards established by the Town issued permit, and shall warranty the restoration for a period of one (1) year.
- b. Except due to circumstances beyond the Company's control, if such restoration, repair or replacement cannot be completed within a reasonable time or pursuant to the Town issued permit or fails to meet the Town's duly adopted standards, as may be amended from time to time, the Town may, after prior notice to the Company, perform the



necessary restoration, repair or replacement either through its own forces or through a hired contractor, and the Company agrees to reimburse the Town for the expense it incurred in performing the necessary restoration, repair or replacement within thirty (30) days after receipt of an invoice from the Town. The Town shall give sixty (60) days notice to the Company before amending any of the Town's adopted standards that could be applicable to the Company.

#### 8. Indemnification

- a. The Town shall be neither liable nor responsible for any accident or damage that may occur in the construction, operation or maintenance by the Company of its electric distribution and transmission system. The acceptance of this Franchise shall be deemed an agreement on the part of the Company to indemnify the Town and hold it harmless against any and all liability, loss, cost, damage and expense (including, without limitation, attorneys' fees) which may accrue to the Town by reason of the negligence, fault or misconduct of the Company, its agents or employees, or violation of any applicable environmental regulations or standards in the construction, operation, maintenance or removal and disposal of the Company's electric distribution and transmission system under this Franchise, including the maintenance of barricades and traffic control devices in the Company's construction and maintenance areas.
- b. The Company shall defend, indemnify, and save the Town harmless from any expenses and losses incurred as a result of injury or damage to third persons occasioned by the exercise of this Franchise by the Company, provided, however, that such claims, expenses and losses are not the result of any willfully or grossly negligent acts of the Town.
- c. The Company shall have and maintain throughout the term of this Franchise, liability insurance and/or a program of self-retention or general assets to adequately insure and/or protect the legal liability of the Company with reference to the installation, operation and maintenance of the electric distribution and transmission system, together with all the necessary and desirable appurtenances authorized herein to occupy the public rights-of-way. Such insurance, self-retention or general asset program will provide protection for bodily injury and property damage including contractual liability and legal liability for damages arising from explosion, collapse and underground incidents.
- d. The Company shall file with the Town documentation of such liability insurance, self-retention or general asset program within sixty (60) days following the effective date of this Franchise and thereafter on an annual basis.

#### 9. Franchise Fee

- a. The Town may implement a Franchise Fee of up to four percent (4%) of the Company's gross revenues derived from the sale at retail by it of electricity for residential, commercial and industrial purposes/customers, within the present or any future corporate limits of the Town as shown by the Company's billing records. Such payments are to be due and payable monthly and postmarked on or before the last calendar day of the month following the month in which the franchise fee accrues. The Town will give the Company at least sixty (60) days notice prior to the implementation of or change in the Franchise Fee.

- b. In the event the payment is received later than the fifteenth (15th) calendar day of the second month following the month in which the franchise fee accrues, interest of one point five percent (1.5%) monthly shall accrue on the entire amount due. The interest may be waived by the Town if the failure to post mark by the due date was the result of a casualty that renders the Company unable to compute or estimate the liability from the business records.
10. Additional Fees and Taxes. Notwithstanding any provision contained herein to the contrary, the Company shall pay any lawful taxes, fees, charges or assessments adopted by the Town from time to time during the term of this Franchise, including without limitation any transaction privilege tax, use tax or property tax levied and collected by or on behalf of the Town pursuant to the Town or State Tax Code, on the delivered value of electric power and energy sold by the Company to members and customers within the Franchise Area. The Company may include any such taxes, fees charges and assessments in its rates or bills to the customers in the Franchise Area.
11. Records. During the term of the Franchise, the Town shall have access at all reasonable hours to all of the Company's accounting, financial, and statistical records relating to the properties and the operation of the Company within the Franchise Area.
12. Annual Report. The Company shall provide to the Town within one hundred eighty (180) days after the end of each year an annual summary report, which summary report shall be certified by the duly elected President or Chief Financial Officer of the Company, showing the gross revenues received by the Company and expenses from its operations during the prior year.
13. Dispute Resolution
- a. This Franchise Agreement shall be governed by and construed in accordance with the laws of the State of Arizona. Any dispute, controversy, claim or cause of action arising out of or related to this Franchise Agreement may, but in no event need, be settled by submission, with the written consent of both parties, to binding arbitration in accordance with the rules of the American Arbitration Association and the Arizona Uniform Arbitration Act, Arizona Revised Statutes Section 12-1501, et seq., and judgment upon any award rendered by the arbitrator(s) shall be entered in the Superior Court of Mohave County, Arizona. The venue for any such dispute shall be Mohave County, Arizona. Both parties consent in advance to such venue and jurisdiction and waive any right that Mohave County is an inconvenient forum based upon lack of venue.
- b. Neither party shall be entitled to recover from the other party any of its attorneys' fees, costs or expert witness fees incurred in such dispute, controversy, claim or cause of action, but each party shall bear its own attorneys' fees, whether the same is resolved through arbitration, litigation in a court or otherwise.
14. Notices. Any notice required or permitted to be given hereunder shall be in writing, unless otherwise expressly permitted or required, and shall be deemed given (i) upon hand delivery to the person then holding the office shown on the attention line of the address below, or, if such office is vacant or no longer exists, to the person holding a comparable office, or (ii) on the fifth

(5th) business day following its deposit with the United States Postal Service, first class and certified or registered mail, return receipt requested, postage prepaid, and addresses as follows:

The Town:

Town Manager

Town of Colorado City

P.O. Box 70

25 South Central Street

Colorado City, Arizona 86021

The Company:

General Manager/CFO

Garkane Energy Cooperative, Inc.

120 West 300 South

Box 465

Loa, Utah 84747

15. Approval of Electors This Franchise Agreement/Ordinance is subject to the approval by the majority of the qualified electors residing within the corporate limits of the Town and voting thereon at a special municipal election to be held in the Town for that purpose.

16. Cost Responsibility Each Party shall be responsible for all of the costs which they incur in drafting, approval and execution of the Franchise.

17. Effective Date and Term

a. This Franchise shall be effective immediately after (the "Effective Date") (i) after its approval by the majority of the qualified electors residing within the corporate limits of the Town and voting thereon at a special municipal election to be held in the Town for that purpose, (ii) the Company executing this ordinance in the space below and delivering the executed ordinance to the Town Clerk, (iii) upon execution of this ordinance by the Town of Colorado City in the space below; (iv) upon the final closing of the Company's acquisition of the Twin Cities System (contingent on the full, complete, and permanent release and discharge of the Sellers from any and all debts, liabilities, obligations or claims of any kind or nature whatsoever by or through Hildale and/or the bondholders under a certain Power Sales Contract dated December 15, 1995), (v) upon receipt by the Company of a fully executed copy of this ordinance, and (vi) the transfer of operational control of the Twin Cities System to the Company.

b. The Franchise shall continue in force and effect for a term of twenty-five (25) years after the Effective Date, unless sooner terminated as provided herein.

c. In the event the Company fails to comply with any of the provisions of this Franchise and that failure continues for a period of ninety (90) days after written notice by the Town to the Company, all rights of the Company under this Franchise may be terminated by the Town upon written notice of termination, and the term of the Franchise shall thereupon cease.

18. Assignment or Transfer This Franchise and the rights hereunder are non-transferable and non-assignable, except as such assignment or transfer is approved by the Town in writing. The right, privilege and franchise hereby granted may not be leased, assigned, transferred or otherwise

alienated in whole or in part by the Company, its successors and assigns, without the prior consent of either the Town or (if applicable) the Arizona Corporation Commission. Such prior consent from the Town will not be unreasonably withheld.

19. Procedure after Termination or Revocation

- a. Upon the revocation of this Franchise, or at the end of the term of this Franchise, all rights, duties, and obligations or undertakings of the Company under this Franchise shall terminate. The Town shall have the right to determine whether the Company may continue to maintain its electric distribution and transmission system within the Franchise Area pending the decision of the Town as to the future maintenance and operation of the Company's electric distribution and transmission system.
  - b. Absent a written agreement between the Town and the Company, the Town shall be deemed to have directed removal of the electric distribution and transmission system from the entire Franchise Area within one (1) year after the end of the term of the Franchise.
  - c. The Town shall reasonably cooperate with and not interfere in the Company's right to remove its property, plant and equipment. Nothing in this paragraph shall be deemed or decreed to be a consent by the Company to the Town's use of the Company's poles, wires and other facilities to provide electrical service to citizens of the Town.
20. Conflict of Interest This Franchise Agreement may be terminated in accordance with Arizona Revised Statutes Section 38-511 which is hereby fully incorporated into this Agreement as if fully set forth herein. The parties hereto believe no such circumstance exists.
21. Conflicting Ordinances To the extent that they do not conflict with the Rules and Regulations, the Company agrees that the applicable provisions of the Town Code existing on the Effective Date are legally enforceable and constitute valid requirements, to comply therewith in all respects and to that end said provisions of the Town code are hereby made a part of this Franchise as though fully set forth herein.
22. Headings Headings used in the Franchise Agreement are for convenience only and shall not be used in construing terms.
23. Independent Provisions If any section, paragraph, clause, phrase or provision of this Franchise Agreement shall be adjudged invalid or unconstitutional, the same shall not affect the validity of this Franchise Agreement as a whole or any part of the provisions hereof other than the part so adjudged to be invalid or unconstitutional.
24. Emergency Clause Whereas, it is necessary for the preservation of the peace, health and safety of the Town of Colorado City, Arizona, to provide for the uninterrupted provision of electrical service to the Town's residents, an emergency is declared to exist.

We, the Undersigned, have executed this document contingent upon the results of the Town of Colorado City Special Election on November 4, 2008, on the dates below written.



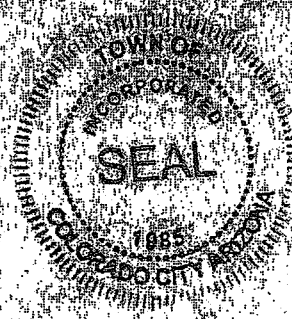
PASSED the 4<sup>th</sup> day of October, 2008.

CERTIFIED AND ACCEPTED

  
MAYOR, TOWN OF COLORADO CITY

ATTEST

  
TOWN CLERK



APPROVED AS TO FORM:

\_\_\_\_\_  
TOWN ATTORNEY

ACCEPTED:

GARKANE ENERGY COOPERATIVE, INC.

By: \_\_\_\_\_

Title: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
SECRETARY

Date accepted: \_\_\_\_\_, 2008

Lot 6

POWER PLANT

UTILITY  
EASEMENT  
14.13'  
59.28'  
10'  
N00°06'16"W  
S00°06'16"E  
29.13'

10' VENT  
S89°53'44"W 81.65'  
10' VENT

30' ACCESS EASEMENT  
WATER SHED  
81.65'

N89°53'44"E  
241.88'

N00°06'16"W  
21.32'

S89°53'44"W  
92.87'

S00°06'16" 285.79'  
N00°06'16"W 30.00'

Opp

S89°53'44"W  
185.51'

S00°06'16"E  
10.27'

10'

CONCRETE W/A  
S89°53'44"  
76.73'

NT FOR BURIED ELECTRICAL GROUND GRID

Lot 11

Lot 12

Lot 5

EXHIBIT "K"

TO THE

AGREEMENT FOR PURCHASE AND SALE

OF MUNICIPAL ELECTRICITY DISTRIBUTION SYSTEMS

RETAINED GENERATING FACILITY ASSETS

## List of Generation Assets

Qty	Description
2	Rolls Royce Allison 501-KH7 Natural Gas Turbine Generator Sets, Intake boosted, Steam injected. Includes: Name plate is 6 mw maximum capacity each. Renewal and Replacement Economics dictate approx 5.5 mw each @ 5050 ft elevation.
2	Allen Bradley series 5 PLC in steel cabinets with CRT Operator interface and 4 inch front panel gauges. One for each turbine and boiler set. HSDE Digicon electronic fuel controller/governor for each unit. Fire suppression controls using Ultraviolet light sensors and %LEL gas detection with dual gas detectors each unit. 1000 lbs CO2 extinguisher each skid Units can black start with the aid of a 100 kw diesel gen. Operates in Isochrones mode or grid tied with load sharing in Iso mode and settable load in grid mode, such as load following from a SCADA unit. Load shedding capable upon loss of load. Automatically switches from grid tie mode to Isochrones mode with breaker contact input.
1	RR wash cart for online turbine washing, or crank soak washing.  Rolls Royce Energy systems can do maintenance on site, anywhere in the world. Cooper Rolls can do overhauls and testing in the California Bay area. They have a shop in Houston, TX also and the factory in Indianapolis could do an overhaul. There is very good independent engineering available for overhaul analysis.
2	HRSG units include super heater, boiler and economizer each set.
1	De-aerator shared for both units to provide 100% boiler make up water (water only passes once thru the boilers.)
2	50 hp boiler feed water pumps. Each unit operates as standby or together.
2	5 hp lift pumps to fill de-aerator. VFD controlled for variable rate of feed. Each unit operates as standby or together.
1	Spare 5 hp lift pump.
1	Reverse Osmosis unit rated at 140 gpm input, 100 gpm output product water. PLC control using VHS drive for pump motor, pressure controlled. R O will need new membranes, as it now only produces 60 gpm. Contains most of the original membranes.
1	Spare 25 hp RO pump complete.
2	Water softeners, modified with PLC control of heads, SCADA interfaced.
1	Boost pump 5 hp for running R O unit in raw water mode, Softeners as polishers.
3	Chemical skids for boiler chemical injection of feed water. All chemical pumps need to be replaced, as does the tubing from pump to destination.
1	Water meter for tracking boiler makeup to PLC.
1	Water meter for tracking softener regenerate sequence to PLC.



- 1 Mechanical water meter at source to softeners.
- 1 Gas yard for turbines with gas compressor unit, metering runs for turbines
- 1 5 kV Switchgear cabinet containing:
  - 2 Vacuum breakers and 4 isolation switches.
  - Basler electronic relays to provide protection for each gen set, including:
    - Over/Under frequency, Over/Under voltage, Over-current,
    - Reverse Power, and Loss of excitation.
- 1 Diesel-Hydraulic start skid: 400 hp V6 Detroit supercharged diesel engine coupled to a variable displacement hydraulic pump, using check valves and reverse flow of the pump to choose which of the two skids to start one at a time.
- 2 Step up transformers for connecting the generators to the grid: 7.5 mva size, fan cooled, 4160 volt Delta for the generator, to 69 kv wye for the grid.
- 1 Station service transformer: 500 kva, 4160 volt primary to 277/480 volt secondary.
- 3 Ingersol Rand air compressors, (2 - 5 hp and 1 - 7.5 hp).
- 1 Desiccant compressed air dryer.
- 1 Motor Control Center for equipment motor starting and over current protection.  
NOTE: Hildale City as part of the building repair agreement, will be responsible for installing a 480 volt 200 amp main service panel and breakers, to restore electric service to the building, presently being fed through the MCC.
- 1 Set of metal stairs from the boiler deck to the building roof, included.

#### EXCLUSIONS:

The 24 vdc and 48 vdc charger/power supplies, associated battery banks, and DC panels are to stay with the building for substation / switchyard controls.

The dry transformer for 480 to 120/208 step down is to remain with the building.

All catwalks upon the roof are to remain intact with the building.

All Scada that operates the substation will have to remain with the building, even though it is also connected to the generation controls listed above. All disconnections must not disrupt electric service to the community.

EXHIBIT "L"

TO THE

AGREEMENT FOR PURCHASE AND SALE

OF MUNICIPAL ELECTRICITY DISTRIBUTION SYSTEMS

HURRICANE CITY RELEASE

## AGREEMENT FOR WAIVER OF RIGHT OF FIRST REFUSAL

This AGREEMENT FOR WAIVER OF RIGHT OF FIRST REFUSAL (hereinafter referred to as the "Agreement") is made and entered into on this 23 day of June, 2009, by and between the City of Hurricane, Utah, a municipal corporation of the State of Utah (hereinafter referred to as "Hurricane"), and the City of Hildale, Utah, a municipal corporation of the State of Utah (hereinafter referred to as "Hildale").

### Recitals:

A. Hurricane and Hildale previously entered into that certain agreement titled "Right-of-Way and Pole Agreement between Hildale, Utah and the City of Hurricane" (referred to herein as the "Hurricane-Hildale Agreement") a copy of which is attached hereto as Exhibit "A" and incorporated herein by this reference as if fully set forth.

B. Paragraph 4.3 of the Hurricane-Hildale Agreement gives Hurricane a "first right of refusal" to purchase poles and facilities at the original cost depreciated over a 20 year life in the event that Hildale decides to sell it's poles and lines within Hurricane City limits.

C. Hildale now desires to sell its electrical utility system, a portion of which is within Hurricane City limits, to Garkane Energy Cooperative, Inc. (referred to herein as "Garkane") in accordance with the terms and conditions of a Memorandum of Understanding (hereinafter the "Hildale-Garkane MOU"), a copy of which is attached hereto as Exhibit "B" and incorporated herein as if fully set forth.

D. After completion of the sale by Hildale to Garkane, it is anticipated that Garkane will sell a portion of said system, including a 69kV transmission line within Hurricane's limits, as shown in Exhibit "C" attached hereto and incorporated herein, to Rocky Mountain Power in accordance with a Memorandum of Understanding (referred to herein as the "Garkane-Rocky Mountain Power Mou"), a copy of which is attached hereto as Exhibit "D" and incorporated herein as if fully set forth..

E. The sale by Hildale to Garkane, and then from Garkane to Rocky Mountain Power, is conditioned upon Hurricane's waiver and release of its first right of refusal.

F. Hurricane is willing to waive its right of first refusal, allowing the sale from Hildale to Garkane, and then from Garkane to Rocky Mountain Power, to proceed, subject to the terms and conditions of a Memorandum of Agreement (referred to herein as the "Hurricane-Rocky Mountain Power MOA"), a copy of which is attached hereto as Exhibit "D" and incorporated herein by this reference, as well as the terms and conditions of this Agreement.

G. Hurricane and Hildale now desire to enter into a written agreement which sets forth the terms and conditions of Hurricane's waiver and release of its first right of refusal.

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants and obligations contained herein, the parties hereto acknowledge, represent and agree as follows:

1. Hurricane irrevocably waives and releases its first right of refusal under paragraph 4.3 of the Hurricane-Hildale Agreement, attached hereto as Exhibit "A", provided that:

(a) the sale or other transfer by Hildale to Garkane is completed within 30 days of the date hereof, or such other time as the parties may in writing agree, in accordance with the terms and conditions of the above-mentioned Hildale-Garkane MOU attached hereto as Exhibit "B", and

(b) the sale or other transfer by Garkane to Rocky Mountain Power is completed within 90 days of the date hereof, or such other time as the parties may in writing agree, in accordance with the terms and conditions of the above-mentioned Garkane-Rocky Mountain Power MOU attached hereto as Exhibit "D."

2. The parties specifically acknowledge and agree that Hurricane's waiver and release of its first right of refusal shall not take effect until such time that both of the transactions specified in paragraph 1(a) and 1(b) have been completed.

3. Except as provided herein, this Agreement shall not affect any other right, duty or obligation of Hurricane or Hildale and their successors and assigns under the Hurricane-Hildale Agreement attached as Exhibit "A".

4. In the event of a party's failure to perform any duty or obligation contained in this Agreement, such party shall be liable to the other party for all damages caused by or resulting from said party's failure to perform, including all costs, expenses and legal fees incurred in any legal action brought to enforce performance in accordance with the provisions hereof.

5. This Agreement shall be binding upon the parties hereto, their successors, assigns and transferees.

6. This Agreement contains the full understanding and agreement of the parties with respect to the subject matter hereof and shall not be modified or changed except by written instrument signed by the party against whom enforcement of such modification or change is sought.

7. This Agreement shall be construed under the laws of the State of Utah.

IN WITNESS WHEREOF the parties hereto have executed this Agreement on the date first above written.

CITY OF HURRICANE, UTAH

Thomas B. Hirschi  
Thomas B. Hirschi, Mayor

CITY OF HILDALE, UTAH

David K. Zitting  
David Zitting, Mayor

Attest:

Susan Kelsey  
City Recorder

Attest:

Wenier Barton  
City Recorder

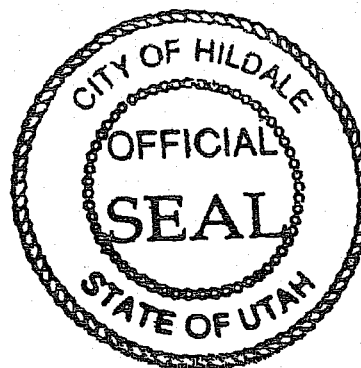


EXHIBIT "N"

TO THE

AGREEMENT FOR PURCHASE AND SALE

OF MUNICIPAL ELECTRICITY DISTRIBUTION SYSTEMS

ADDITIONAL EXCLUDED ASSETS

## Exclusion List of Assets

### **IT Equipment**

Consisting of Software, computers, servers, networks, copiers, printers, scanners, and uninterruptable power systems.

### **Audio Visual Security Equipment**

Public address systems, projectors, screens, security cameras, monitors, alarm system, headsets, phone systems, phone, cell phones, two-way radios, pagers, and recorders.

### **Vehicles**

Passenger vehicles, pickup trucks, utility trucks, and all four-wheelers.

### **Construction and Repair Equipment**

Bucket trucks, digger derrick truck, forklifts, air compressors, generators, pipe threaders, Kelly adapter, 3 phase lifting jib.

### **Hand and Power Tools**

All personally owned hand tools.

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